



**Asia-Pacific  
Economic Cooperation**

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Agenda Item: V

## **Presentation by Economy Under Review - Russia**

Purpose: Consideration  
Submitted by: APEC Secretariat



**Second Senior Officials' Meeting – Plenary  
Session  
Singapore  
19 July 2009**

**APEC IAP Peer Review of the Russian Federation  
Singapore, 15 July 2009**

Presentation by  
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1. Ladies and gentlemen, dear colleagues.

First of all I would like to thank the Singaporean hosts for organizing these Individual Action Plan (IAP) Peer Review Sessions which open this year's second APEC Senior Officials meeting and related meetings.

I welcome all of our colleagues to participate in Russia's presentation this afternoon.

We extend our sincere gratitude to the APEC IAP Review Team and the experts, Prof. John McKay of the Deakin University, Australia and Prof. Bambang Brodjonegoro of the University of Indonesia for having scrutinized Russia's Individual Action Plan and having prepared an insightful study report. We also appreciate the participation of the APEC economies which submitted questions and valuable comments on our IAP.

2. I will begin the presentation with an overview of the latest developments in the Russian economy that will be followed by a review of Russia's progress towards the Bogor Goals based on the updated Individual Action Plan of the Russian Federation. The presentation will be concluded with an outline of our strategic approaches to integrating Russian economy into the APEC region.

3. Russia finalized 2008 as its 10<sup>th</sup> straight year of sustained growth, averaging 7% annually since the financial crisis of 1998.

But the collapse of the world credit market and sharp downturn in commodity prices have reversed that momentum. From the last September to February the national currency depreciated by more than 20%. The Central bank lost one third of its foreign exchange reserves. GDP growth turned to a deep decline.

The first months of 2009 have brought some positive signs. Oil and metal prices started to grow again, huge capital outflow has been fully exhausted, stock market indexes are rapidly recovering, rouble is strengthening again and foreign currency reserves are increasing.

Like in many other regions the key factor behind the downward trend is a plunge in investment, especially dramatic fall in stockbuildings, which contributed separately more than 80% to the first quarter GDP decline. Consumption decline is also deepening but not as strongly as other components thanks to a sharp contraction of saving rate.

4. So we have recently revised our estimation of GDP decline for this year down to -8.5%. On the other hand we believe that the reversal point will be passed in the current quarter and that the GDP figures are likely to improve in the coming months.

One of the key factors behind this recovery is an expected effect of the rather ambitious fiscal stimulus programme. To support the financial system, domestic credit and some important technological sectors the Russian Government adopted various anti-crisis measures which amounted to more than 5% GDP for 2009. These measures include bank recapitalizations, subsidizing of interest rates, labour market and domestic demand supporting as well as reduction of tax burden.

5. So now I'm presenting some details of the Russian economic structure.

Last pre-crisis years were marked by the strong growth of the investment which has almost doubled their share in GDP structure for the decade. Household consumption accounts to about a half of GDP performance and net export is traditionally positive.

From the production side, during the pre-crisis period growth of non-tradable sectors permanently outpaced the industrial growth but rising commodity prices had kept the share of industry relatively stable. But in 2009 the situation is changing significantly: one may expect rather strong decline of tradables share.

6. Now let me say a few words about the current patterns of Russia's trade and investment relations with the world.

According to the WTO, Russia was the 12<sup>th</sup> largest merchandise exporting and 16<sup>th</sup> largest importing nation in the world in 2007.

Through the period since the last Russian IAP Peer review (2005-2009) Russia's exports has been growing at an average annual rate of 27% while the growth rate of imports has averaged 37%. Russia has maintained a considerable level of integration with the global economy with the total trade to GDP ratio amounting to 44%.

A persistent feature of Russian foreign trade is a strong concentration of a few commodity items in exports. In fact, mineral fuels accounted for nearly 69% of the total merchandise exports in 2008. The second largest export item, metals, constituted around 12%. This strong dependence on a few product groups makes Russian economy vulnerable to external shocks, as was proved by the last year developments.

7. Russia's current external trade and investment relations reflect traditionally strong ties with the European Union. The European Union member states collectively account for the largest share of Russia's exports and imports, approximately 57% and 44% respectively in 2008. APEC member economies as a group are the second largest trading partner of Russia with 13% share in exports and 33% in imports. They are followed by the Commonwealth of Independent States with its share in Russia's exports and imports totaling 15% and 14% respectively in 2008. A significant development has been the rise of the APEC share in Russian imports – from 22% in 2004 to 33% in 2008.

8. Till the second part of 2008 Russia had experienced upward trend in capital inflows for a number of years. Banks and enterprises borrowed heavily on the global markets to finance their investment programmes. FDI had also rapidly increased exceeding 4% of GDP. However, from the last September to February net capital outflows accounted to almost US\$ 200 bln, mirroring not only changes in investment sentiment but also expectation of ruble devaluation.

The member states of the European Union provided the bulk of the foreign capital inflow into Russia. The geographical breakdown of the accumulated inward investments shows that the major investors from the APEC region, the USA and Japan, accounted for 3.3% and 1.6% of the total, respectively, by the end of 2008.

9. Now I have reached the core part of my presentation that describes Russia's progress towards the Bogor Goals.

10. Liberalization of trade and investment policy of the Russian Federation is an ongoing process. Substantial progress on the way to an open and liberal trade and investment regime was observed since the latest Peer Review of Russia. It has been evolving along the following three main directions:

- (i) negotiations on the accession to the WTO;
- (ii) free trade regime with CIS countries and members of the Eurasian Economic Community; and
- (iii) voluntary liberalization and facilitation within the framework of APEC.

Russia's negotiations with the WTO member countries provided a critical impetus to liberalizing the trade policy over the last decade.

The negotiations process resulted in a substantial reduction of tariffs, simplified structure of tariffs and customs procedures in the Russian Federation. New legislation has been introduced over the last years, and necessary amendments have been made in order to bring the legislative framework in compliance with the WTO requirements. Successful conclusion of the bilateral negotiations on goods and services with all interested members of the Working Party for Russia's Accession to the WTO

signaled a breakthrough in the process. The share of the countries Russia has successfully negotiated with – including the European Union, Japan, China and the Republic of Korea – is close to 90% of Russia's total foreign trade. Two major global traders – the United States and the European Union – have granted Russia the “market-economy status” in 2002, followed by a number of other economies including some APEC members.

The APEC IAP summarizes these developments. So I would like to offer you a concise overview of the progressive changes in Russia's foreign economic policy since the last Peer Review in 2005.

11. Following the IAP structure, I will begin with tariffs. A substantial upgrade of Russia's customs regulation took place in the context of WTO accession negotiations and respective work on bringing foreign trade legislation into compliance with its requirements. The Customs Code adopted in 2003 is based on international rules.

The customs tariff consisted of 11,154 tariff lines. The significant majority of tariff items – 9,209 – were subject to ad valorem tariff rates. 1,945 tariff items were subject to combined rates (ad valorem and specific duties) and 303 items to specific rates. The ad valorem rates and ad valorem equivalents of combined and specific rates ranged from 0 to 30 per cent, except for a limited number of goods. The significant majority of tariff items were subject to ad valorem tariff rates. The ad valorem rates and ad valorem equivalents of combined and specific rates ranged from 0 to 30 per cent, except for a limited number of goods.

12. Russia has been maintaining tariff rate quotas (TRQs) on imported beef, pork and poultry. No quantitative restrictions are applied to exported or imported products. A limited number of other non-tariff instruments are applied in a manner consistent with the WTO Agreement.

13. Russia's efforts in the areas of services and investments were focused on improving the existing legislation. Hence, numerous new acts and amendments have entered into force over the last 4 years with the aim of streamlining the regulations governing market access and entry requirements. The new laws have contributed to increasing transparency and predictability of the regulatory regime in the services sector.

Foreign entry regulations vary considerably across different types of services. The most liberal sectors allow 100% of foreign participation, with certain conditions. In the Russian financial services sector, for example, foreign investors are entitled to hold up to 100% of shares of commercial banks in the form of subsidiaries registered as legal entities in the Russian Federation but not to set up direct branches. The sector of telecommunication services is also quite open with respect to foreign-owned telecommunication companies established in Russia. They may provide the whole range of telecommunication services and face no limitations on foreign investments.

Some sectors, such as domestic air transportation services, are closed to foreign providers. Reforms in the electricity supply industry, transportation services and other sectors directed at introducing more competition are under way.

Russia has been actively employing the mechanism of bilateral investment treaties to improve the investment environment. 60 bilateral investment treaties have been signed, of which 41 have entered into force. Among those ratified, 6 of them with APEC countries.

The OECD analysis of some 20 Russia's bilateral investment treaties and its model treaty concluded that Russia's approach in this area is in many respects similar to that adopted in other countries.

14. Let us have a look at the summary of work in progress in the area of standards and conformance.

The Federal Law "On Technical Regulation" corresponds to the TBT Agreement provisions and provides for a fundamental framework for standardization and adoption of mandatory requirements.

Current arrangement provides for annual revision of 10% of standards to bring them in compliance with the international ones. Regular analysis of the ISO international documentation in the area of compliance assessment is conducted to prepare relevant proposals for the Russian Federation.

Russia has been an active member of the ISO and its numerous technical committees and sub-committees.

Degree of alignment of Russian standards to the international standards is quite high now in certain sectors, as you may see at the slide.

The Federal Law provides for the system of mutual recognition agreements. Russia has concluded bilateral agreements in the area of standardization, metrology and certification with 21 countries.

15. The quality of service of the Russian Customs has been continuously improving with a strategic goal to minimize trade costs incurred in processing of the customs documentation and customs control. The operation of the Russian Customs authorities was revised by a new Government Decree dated June 2006.

Some progress was achieved via implementation of the World Bank Project on Modernization of the Information System of Customs Authorities.

As a result the average time spent for customs clearance of goods at the point of declaration was reduced as the chart shows.

In May 2008 the Federal Customs Service of the Russian Federation enabled foreign trade operators to declare goods via Internet through the application of e-form for customs clearance. The number of customs bodies equipped with e-form processing technology rose to 259 or 31% of the total in 2008.

In an effort to implement an advance classification ruling system the Russian Customs authorities have been exploring ways to shift the target of customs control from the stage of customs clearance to a stage prior to the arrival of goods at the Russian territory. An administrative regulation on the procedure of preliminary decisions on the classification and origin of the imported goods was enacted in August 2008.

The national Customs legislation has been modified effective from July 2006 with a view to implement the international obligations on bringing Russian national rules of definition of the customs value in compliance with the WTO norms. The legislation now is harmonized with the provisions of the Agreement on application of the Article VII of the 1994 General Agreement on Tariffs and Trade.

16. Russia keeps on working to improve both legal framework and law enforcement practices related to the protection of intellectual property.

Part IV of the Civil Code of the Russian Federation was enacted in January 2008. Its provisions cover the results of intellectual activity and means of individualization and substitute previous legislative acts in this area. The contents of this new legislative instrument is consistent with the regulations of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

The Criminal Code of the Russian Federation has been amended accordingly. The draft Law "On Introduction of Amendments into the Customs Code of the Russian Federation" pursues the goal of strengthening the power of customs authorities to suspend on their own initiative the importation of goods with counterfeit features.

Russia is set to promote international cooperation in this area with a special emphasis on the following tasks:

- fulfilling our obligations arising from international and bilateral agreements on protection and enforcement of intellectual property rights;
- integrating Russia's national legislation in the area of intellectual property rights protection into the global process of harmonization of relevant national systems;

developing cooperation with international organizations (World Intellectual Property Organization, World Trade Organization) and countries' patent offices from all over the world to ensure the interests of Russia, and to use international experience to reduce costs while meeting various challenges.

17. The economic policy of the Russian Government has been directed at creating favorable business and investment climate in the country for the last years. Government's efforts focused on

providing equal conditions of competition, eliminating excessive administrative barriers for entrepreneur and investment activities, increasing financial transparency of enterprises and entities.

The main achievement since the last Peer Review was the introduction in October 2006 of a new Russian antimonopoly legislation – the Federal Law "On Protection of Competition". Substantive results achieved by the Russian competition authority in improving competitive regulations and practices were reflected in the mentioned law. It's important that the law provides for similar regulation applied to Russian and foreign entities.

Another Federal Law, "On Introducing Amendments into the Code of the Russian Federation on Administrative Violations" entered into force in May 2007 and created effective enforcement mechanisms on the infringers of the antimonopoly legislation.

18. The progress in the Government Procurement area is mainly attributed to the Introduction of a new Federal Law "On Placement of Orders for Delivery of Goods, Performance of Works and Provision of Services for State Needs" which came into force in January 2006. The wording of the said law took into consideration the provisions of the UNCITRAL Model Law "On Procurement of Goods (Works) and Services", and therefore corresponded to international practices in this field. The law establishes general rules for procurement for state and municipal needs, i.e. provides for that national treatment may be extended for foreign goods, works and services on the basis of reciprocity.

A new Action Plan to Develop Competition in Russia till 2012 published by the Ministry of Economic Development of the Russian Federation in November 2008 in particular set out the task of creating a Russian national government procurement web portal in 2010. Creating such common site will open new prospects for real time search, analysis and synthesis of data concerning state, regional and municipal orders.

19. Now allow me a few words on recent developments pertaining to the WTO obligations chapter of our IAP.

Although the launch of the Customs Union of the Eurasian Economic Community involving Russia, Kazakhstan and Belarus has its implications on the process of accession to the WTO of three member countries, all three countries consider WTO accession as one of the main priorities of their policy.

Moreover, Russia being on the most advanced accession stage intends to safeguard all results of its more than 16-year accession negotiations and to coordinate further the efforts of its two customs union partners on the basis of these results. Speedy accession of the three members of the customs union to the WTO will significantly enhance transparency and predictability of foreign trade regime on the three major market that still remain outside international rule-based trade system.

20. The most recent attempts to streamline Russian entry visa regime were made in 2008. Russia does not have a formal mechanism for dialogue with business specifically on APEC business mobility issues. Although Russia continues the dialogue with various industry representatives on issues related to temporary residency permit and employment authorization.

At present Russia does not participate in the APEC Business Travel Card scheme. Meanwhile, there have been domestic discussions with regard to joining the scheme, including elaboration of the appropriate legal framework for future participation in the scheme.

21. Russia participates in a number of preferential trade agreements which you can see on this slide. However, there are significant variations in the progress of implementation of these agreements.

22. Since the last Peer Review Russia has been paying much attention to updating its long-term foreign economic policy priorities through formulation of comprehensive and clearer policy documents.

23. The Concept of Long Term Social and Economic Development of the Russian Federation until 2020 and the Outline of the Foreign Economic Policy of the Russian Federation until 2020 set out the

goals of increasing Russia's competitiveness and diversifying Russia's economic relations across the fast-growing centers of the global economy.

Promotion of mutually beneficial relations with the APEC economies in the areas of trade, investment, science and technology remains one of the highlights of Russia's current foreign economic policy. In particular, we attach high importance to the following considerations:

- Russia's participation in the implementation of the APEC basic goals provides additional impetus to the country's economic development.
- Russia's gains arising from APEC trade and investment liberalization will be accrued, first of all, to the export oriented sectors. It means expanded opportunities for larger supply of energy, forestry, fish, sea and chemical products to the APEC partners. At the same time Russia's export structure can evolve towards larger share of machinery products and goods with higher level of added value.
- Tangible gains from Russia's participation in APEC activities will be achieved on the condition of continuation of the effective internal reforms, voluntary progress towards wider transparency of the economy, alignment of Russian trade and investment regimes with the collective actions and arrangements within the APEC framework.

24. Increasing role of the Asia Pacific in the global economy brings about a new perception of the importance of the Russian Far East. Accounting for some 40% of the total territory of the Russian Federation, strategically located and endowed with rich natural resources, this part of Russia is an important contact area for intergovernmental economic, cultural and other sectoral cooperation.

However, we have to acknowledge that the economy of the Russian Far East can still be characterized as weak, mainly oriented at external markets and heavily dependent on primary industries. There are a number of issues that restrain the development of both traditional and new sectors of economy, among which inadequate infrastructure is the most acute.

25. With the understanding that the development of the "Asia Pacific part" of Russia will create the necessary pre-requisites for full-scale economic cooperation with the APEC members the Russian Government has focused much attention to providing economic stimulus to the Russian Far East for the recent years. The Federal Program of economic and social development of the Far East and Trans-Baikal regions until 2013 was consistently upgraded last year. The main objective of the Program is creating the necessary infrastructure and favorable investment climate for the development of the prioritized sectors in the Far East and Trans-Baikal regions.

It was with these ideas in mind that we have identified Vladivostok as the host city for the APEC Leaders' Week in 2012.

26. As a concluding remark, I would like to say that Russia's path towards the Bogor Goals looks promising.

The improvements in tariff and non-tariff measures, customs procedures, intellectual property rights, competition and regulatory practices are on track with the general trend of liberalization in the Asia Pacific. We look forward to achieve greater progress in other areas and, therefore, are moving towards the Bogor Goals in a consistent and confident manner.

Thank you for your kind attention.

# APEC IAP Peer Review of the Russian Federation

Singapore, 15 July 2009



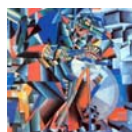
Presentation by  
**Grigory Sarishvili**  
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Asia and Africa Department,  
Ministry of Economic Development of  
the Russian Federation

## Contents:



- Recent economic performance

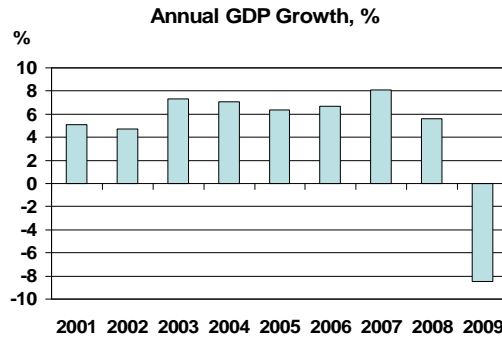
Progress towards the Bogor Goals •



- Russia in the APEC region:  
strategic approach



## Recent economic performance



Source: Federal State Statistics Service of the Russian Federation,  
Ministry of Economic Development of the Russian Federation

After a decade of sustained economic growth the Russian economy is falling into a deep recession

Falling commodity prices, tightening credit conditions, and worsening global demand has brought economy down in the first half of 2009

### Some features of recent economic trend:

- Plunge in investments and in stockbuildings has been the main force behind the economic downturn
- Consumption decline is also deepening but it has held up somewhat better than the other components
- Net export started to contribute positively thanks to the sharp import decline

## Global financial crisis: implications for Russia

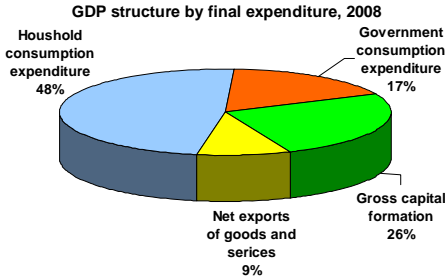
Main macroeconomic indicators	2007	2008	2009 F
GDP growth, %	8.1	5.6	-8.5
Industry output, % change	6.3	2.1	-12.5
Manufacturing output, % change	9.5	3.2	-17.1
Gross fixed capital investment, % change	21.1	9.8	-21.4
Government budget surplus/deficit, % of GDP	5.4	4.1	-7.8
Inflation, %	11.9	13.3	12.0
Unemployment rate, %	6.3	6.5	9.6

Source: Federal State Statistics Service of the Russian Federation,  
Ministry of Economic Development of the Russian Federation

### The Russian Government responded with anti-crisis measures:

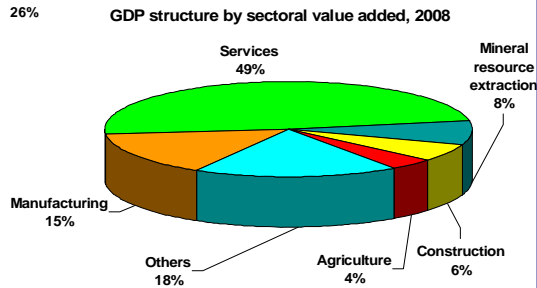
A rescue plan totaling more the 5% GDP in 2009 to support the financial system, domestic credit, labour market and some important vulnerable sectors

## Economic activity: structural overview



The share of investment had been permanently growing before the crisis. Household consumption accounts to about a half of GDP and net export is traditionally positive.

During the pre-crisis period growth of non-tradable sectors permanently outpaced the industrial growth but rising commodity prices had kept the share of industry relatively stable.



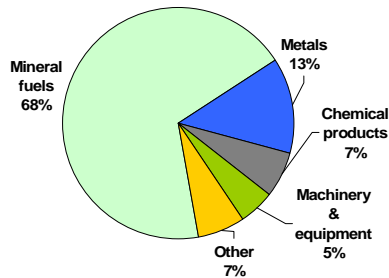
Source: Federal State Statistics Service of the Russian Federation

## Patterns of trade and investment

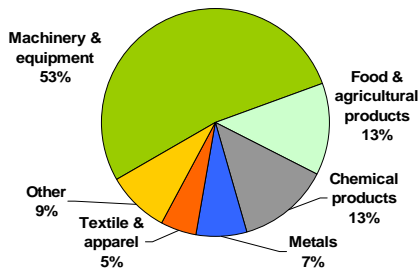
	Merchandise Exports	Merchandise Imports
Value, 2008, US\$ billion	472	292
Annual growth, 2005-2008, %	28	32

Integration with the global economy:  
Total trade/GDP = 45%

**Structure of exports, 2008**

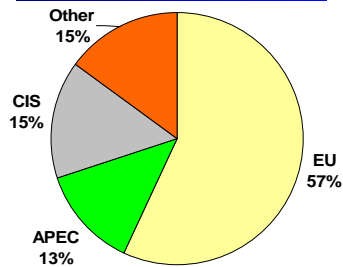


**Structure of imports, 2008**

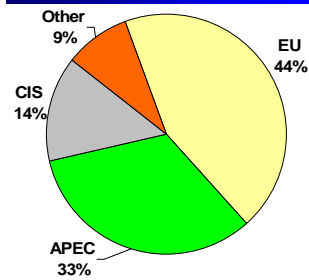


Sources: Russian Customs Statistics, Bank of Russia

### Main export partners, 2008



### Main import partners, 2008



Source: Russian Customs Statistics

Russia's current external trade and investment relations reflect the traditionally strong ties with the European Union. The European Union member states collectively account for the largest share in Russia's exports and imports.

APEC member economies as a group are the second largest trading partner of Russia followed by the group of Commonwealth of Independent States member countries.

A notable development has been the rise of the APEC share in Russian imports: from 22% in 2004 to 33% in 2008.

### Main indicators of foreign investment activity

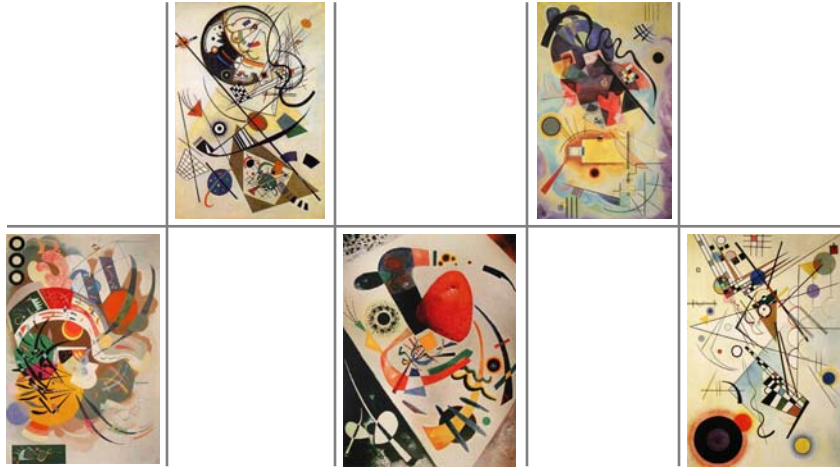
	2006	2007	2008	2009F
Net capital inflows to the private sector, US\$ bln	42	85	-133	-30
Foreign investment gross inflow, US\$ billion	91	209	92.4	-
Foreign direct investment inflow, US\$ billion	30	55	73	40
FDI inflow, %GDP	3.0	4.3	4.1	3.3
FDI outflow, %GDP	2.3	3.6	3.1	-

The member states of the European Union provided the bulk of the foreign capital inflow into Russia.

The geographical breakdown of the accumulated foreign investment shows that the major investors from the APEC region, the USA and Japan, accounted for 3.3% and 1.6% of the total, respectively, by the end of 2008.

Sources: Bank of Russia, estimations of the Ministry of Economic Development of the Russian Federation

## Russia's progress towards the Bogor Goals



## Frameworks for trade and investment liberalisation

Liberalization of trade and investment policy of the Russian Federation has been evolving along three main directions:

- negotiations on the accession to the WTO;
- free trade regime in post-Soviet area; and
- voluntary liberalization and facilitation within the framework of APEC.

Russia's negotiations with the WTO member countries provided a critical impetus to liberalizing the trade policy over the last decade.

## Russia's IAP Review: Tariffs

### Summary of progress:

- A substantial upgrade of Russia's customs regulation took place in the context of WTO accession negotiations and respective work on bringing foreign trade legislation into compliance with its requirements. The Customs Code adopted in 2003 is based on international rules.
- Russia's customs tariff consists of 11,154 tariff lines. The significant majority of tariff line – 9,209 – were subject to ad valorem tariff rates. 1,945 tariff items were subject to combined rates (ad valorem and specific duties) and 303 items to specific rates. The ad valorem rates and ad valorem equivalents of combined and specific rates ranged from 0 to 30 per cent, except for a limited number of goods.

## Non-tariff measures

- Russia has been maintaining tariff rate quotas (TRQs) on imported beef, pork and poultry.
- No quantitative restrictions are applied to exported or imported products.
- Russia's approach to apply Non-Tariff Measures fully corresponds to the norms and regulations of the WTO, predictable and transparent.

## Services & Investment

- ☑ Russia's efforts in the areas of services and investments, having the aim of creating a favorable economic and investment climate, including services, were focused on improving the existing legislation to reduce restraints on the economy involving streamlining of procedures for company registration, downsizing the list of types of activities subject to licensing, and reduction of the frequency of inspections of enterprises streamlining the regulations for market access and entry requirements.
- ☑ New acts and amendments have contributed to increasing transparency and predictability of the regulatory regime in the services sector.
- ☑ All legal acts of general application pertaining to or affecting trade in services, including those that established or implemented procedures and requirements for licensing of services activities, were published in a number of official sources.
- ☑ Most of those legal acts were available on the respective Internet sources of the regulatory bodies or of the Russian Government.
- ☑ Step-by-step reforms in the electricity supply industry and rail transport services were aimed at promoting greater competition in the respective sectors.
- ☑ Russia has a wide range of bilateral investment treaties concluded aimed at promotion and protection of the foreign investments. More than 60 bilateral investment treaties have been signed at the date of July 2009, of which 6 with APEC countries are in force.

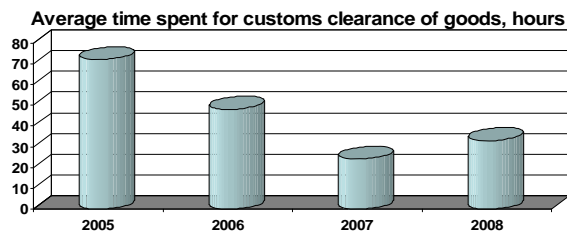
## Standards & Conformance

- ☑ Work in progress:
- ☑ The Federal Law "On Technical Regulation" corresponds to the TBT Agreement provisions and provides for a fundamental framework for standardization and adoption of mandatory requirements
- ☑ Annual revision of 10% of standards to bring them in compliance with the international ones. Regular analysis of the ISO international documentation in the area of compliance assessment to prepare relevant proposals for the Russian Federation.
- ☑ Degree of alignment of Russian standards to the international standards has reached, among others, 79% in tool-making production, 74% in automobile industry, 71% in road-construction and municipal machinery manufacturing, 70% in ship-building.
- ☑ Russia has been an active member of the ISO and its numerous technical committees and sub-committees. At the regional level, Russia collaborates within the framework of Asia Pacific metrology program, COOMET – Euro-Asian cooperation of national metrology institutions and other organizations.
- ☑ The Federal Law provided for the system of mutual recognition agreements. Russia has concluded bilateral agreements in the area of standardization, metrology and certification with 21 countries.

## Customs procedures

### Review of progress:

- ☑ The operation of the Russian Customs authorities revised in a new Government Decree (June 2006).
- ☑ World Bank Project on Modernization of the Information System of Customs Authorities.
- ☑ Launch of e-form for customs clearance (May 2008). The number of customs bodies equipped with the e-form processing technology rose to 259 or 31% of the total in 2008.
- ☑ An administrative regulation on the procedure of preliminary decisions on the classification and origin of the imported goods (August 2008).
- ☑ Russian national legislation on definition of the customs value harmonized with the provisions of the relevant article of GATT (July 2006).



Source: Federal Customs Service  
Report on main results and areas of  
activity, 2009-2011

## Intellectual Property Rights

Russia keeps on working to improve both legal framework and law enforcement practice relating to the protection of intellectual property:

- ☑ IPR-related Part IV of the Civil Code of the Russian Federation was enacted in January 2008. Its contents is consistent with the regulations of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
- ☑ The Criminal Code of the Russian Federation had been amended accordingly.
- ☑ Further amendments into the Customs Code of the Russian Federation pursue the goal of strengthening the power of customs authorities to suspend the importation of goods with counterfeit features.
- ☑ Russia is set to promote international cooperation in this area.

## Competition policy & Deregulation

Russian Government's efforts focused on providing equal conditions of competition, eliminating excessive administrative barriers for entrepreneur and investment activities, increasing financial transparency of enterprises and entities:

- ☑ Introduction of a new Russian antimonopoly legislation – the Federal Law "On Protection of Competition" (October 2006). It is important that the law provides for similar regulation applied to Russian and foreign entities.
- ☑ Federal Law "On Introducing Amendments into the Code of the Russian Federation on Administrative Violations" entered into force in May 2007 and created effective enforcement mechanisms on the infringers of the antimonopoly legislation.

Regulatory policy mainly deals with the activities of natural monopolies in Russia. To boost efficiency and competition in the sectors dominated by natural monopolies adequate reforms have been held. Some progress in price deregulation was also made.

## Government procurement

The progress in this area is mainly attributed to:

- ☑ Introduction of a new Federal Law "On Placement of Orders for Delivery of Goods, Performance of Works and Provision of Services for State Needs" which came into force in January 2006. The law establishes general rules for procurement for state and municipal needs, i.e. provides for that national treatment may be extended for foreign goods, works and services on the basis of reciprocity.
- ☑ Plans of creating a Russian national government procurement web portal in 2010. Creating such common site will open new prospects for real time search, analysis and synthesis of data concerning state, regional and municipal orders.



## Implementation of WTO Obligations

- The launch of the Customs Union of the Eurasian Economic Community involving Russia, Kazakhstan and Belarus has its implications on the process of accession to the WTO of three member countries..
- However Russia being on the most advanced stage of negotiations intends to safeguard all its agreements reached in the course of accession.
- All three countries consider WTO accession as one of the main priorities of their policy.

## Mobility of Business People

The most recent attempts to streamline Russian entry visa regime were made in 2008:

- ☑ an Administrative Regulation on invitation and visa issuance adopted in June 2008.

Russia does not have a formal mechanism for dialogue with business specifically on APEC business mobility issues. Although Russia continues the dialogue with various industry representatives on issues related to temporary residency permit and employment authorization.

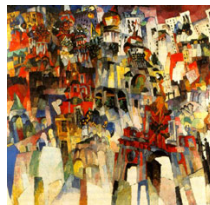
At present Russia does not participate in the APEC Business Travel Card scheme. Meanwhile, there have been domestic discussions with regard to joining the scheme, including elaboration of the appropriate legal framework for future participation in the scheme.

## Free Trade Agreements / Regional Trade Agreements

Russia participates in a number of preferential trade agreements:

- The Agreement on the Creation of the CIS Free Trade Area(1994);
- The Agreement on Customs Union and Common Economic Area (1995) and the subsequent Agreement on the Establishment of the Eurasian Economic Community (EurAsEC) with Kazakhstan, Tajikistan and the Kyrgyz Republic(2001);
- The Agreement on the Creation of a Unified State with Belarus (1995);
- Bilateral free trade agreements with CIS member countries and a bilateral free trade agreement with the Federal Republic of Yugoslavia (2000) (legal successors: Serbia and Montenegro);
- In 2007 Belarus, the Russian Federation and Kazakhstan had established the legal framework for the creation of a customs union, with other EurAsEC members being able to join later.

## Russia in the APEC region: strategic approach



## Asia Pacific in the Russian Foreign Economic policy: a renewed priority

The Concept of Long Term Social and Economic Development of the Russian Federation until 2020 and the Outline of the Foreign Economic Policy of the Russian Federation until 2020 set out renewed foreign economic policy goals.

Promotion of mutually beneficial relations with the APEC economies in the areas of trade, investment, science and technology remains one of the highlights of Russia's current foreign economic policy.

- Russia's participation in the implementation of the APEC basic goals provides additional impetus to the country's economic development.
- Russia's gains arising from APEC trade and investment liberalization will be accrued, first of all, to the export oriented sectors. It means expanded opportunities for larger supply of energy, forestry, fish, sea and chemical products to the APEC partners.
- The tangible gains from Russia's participation in APEC activities will be achieved on the condition of continuation of the effective internal reforms, voluntary progress towards wider transparency of the economy, alignment of Russian trade and investment regimes with the collective actions and arrangements within the APEC framework.

## Importance of the Russian Far East

- Increasing role of the Asia Pacific in the global economy brings about a new perception of the importance of the Russian Far East. Accounting for some 40% of the total territory of the Russian Federation, strategically located and endowed with rich natural resources, this part of Russia is an important contact area for intergovernmental economic, cultural and other sectoral cooperation.
- However, the economy of the Russian Far East can still be characterised as weak, mainly oriented on external markets and heavily dependent on primary industries. There are a number of issues that restrain the development of both traditional and new sectors of economy, among which inadequate infrastructure is the most acute.

**The development of the “Asia Pacific part” of Russia will create the necessary pre-requisites for full-scale economic cooperation with the APEC members**

- The Federal Program of economic and social development of the Far East and Trans-Baikal regions until 2013.
- The main objective of the Program is creating the necessary infrastructure and favorable investment climate for the development of the prioritized sectors in the Far East and outer Baikal regions.
- More specific tasks on the way to achieve this objective:
  - 1) technological modernization of production facilities;
  - 2) increasing the capacity of sea port and railway terminals servicing international shipments;
  - 3) creating large centers of economic cooperation in the Russian Pacific coast.
- It was with this ideas in mind that we have identified Vladivostok as the host city for the APEC Leaders' Week in 2012.



**Thank you**

