

OECD Accession Progressing Slowly but Surely

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The head of the Organization for Economic Cooperation and Development promised Friday that accession to the club of the world's most economically advanced countries won't take Russia as long as its entry into the World Trade Organization.

"It will not take 17 years," Angel Gurría told Finance Minister Anton Siluanov at a joint news conference. "We aim to be a global institution. ... To be really global, we need Russia."

Gurría, who was hosted by President Vladimir Putin in the Kremlin last week, said the two had agreed that both Russia and the organization would work as fast as possible for the country to become a full-fledged member.

"But this process is too important to be urgent," he added.

The OECD secretary-general visited Moscow to attend a meeting of the G20 finance ministers

and central banks heads that took place Friday and Saturday, since Russia is hosting this year's forum of the world's largest economies.

At the meeting with Gurria, Putin showed impatience about joining the organization, which has 34 member countries and helps improve economic and social well-being globally. The president said Russia had fulfilled the most important condition for becoming an OECD member by joining the WTO last year.

"We still would like it to be over someday," he told Gurria, the Kremlin website stated.

Russia will make it to the OECD much faster than it acceded to the WTO, said Evsei Gurvich, head of the Economic Expert Group, an independent research center.

Some countries took more than 10 years to join the WTO, but accession to the OECD typically takes no longer than four years after a country is officially put on the candidate list and becomes a WTO member, he said.

"I think it will take Russia about two to three years to join the OECD," he added.

Russia applied for OECD membership in 1996, but it took 10 years for the real work to begin. In 2007, the organization agreed on a specific road map for Russia's accession. This was followed by Russia's cooperation with the OECD's 22 committees, which scrutinized the country in various fields.

Russia hopes to become an OECD member by 2015, Deputy Foreign Minister Andrei Denisov told RIA-Novosti last week. But he said fulfilling the requirements and ensuring Russia's interests are more important than specific deadlines.

"Russia has no aspirations to artificially accelerate the negotiation process" and stick to any "end dates," Denisov said.

Commenting on the deadline, Gurria said the goal is realistic, but he also said the result will largely depend on how fast the country adjusts its legislation to meet the organization's standards.

"The OECD is not about negotiating with anybody. Nobody loses anything," he said. "Being a member of the OECD makes it possible for a country like Russia to be part of the countries that are establishing standards in social, economic and environmental issues."

Membership in the OECD is a "quality mark" that would indicate to foreign companies that investment risks in Russia are declining, Gurvich said.

Siluanov said that membership in the OECD will set better standards of doing business and ensure a bigger capital inflow. He pointed out that — as in the case of the WTO — Russia is already fulfilling a number of the OECD requirements before becoming an official member.

"We regularly review decisions in the government that lead us to full accession step by step. It's like with the WTO. The process was very long, but ... we were fulfilling WTO requirements before joining," he said.

Russia took two critical steps on its way to the OECD. It joined the organization's Anti-Bribery Convention last year and became a member of the OECD's Nuclear Energy Agency starting Jan. 1.

But Gurria called for broader reforms, advising the government to use a structured approach that involves measures to improve education, health care and innovation.

The OECD outlined a new package of recommendations for Russia in its annual report assessing progress in structural reforms of countries' economic policies.

In the recommendations, issued Friday, the OECD said reducing state participation in the economy, developing innovations and improving public administration should remain on Russia's reform agenda.

Despite the government's commitment to reforms, "the results are not always clearly visible ... and major implementation challenges remain," said the report, which covers OECD member states and the BRIC nations.

As an example, the document said the barriers for foreign direct investment in Russia are twice as high as the OECD average.

To stimulate growth and develop competition in the economy, Russia should build on its latest efforts to encourage foreign investment and reduce the number of sectors in which acquisitions by foreign companies require prior government approval, the OECD said.

Foreign investors buying into Russian companies are now allowed to acquire stakes of up to 25 percent without approval from the government, up from 10 percent, a threshold that existed till 2011.

"A more liberal foreign direct investment regime would enhance competition and innovation, spurring faster productivity growth," the OECD said.

The organization also recommended that the government speed up privatization, provide fiscal and legislative support to private companies' in innovation sectors and improve the court system.

Denisov, of the Foreign Ministry, said Russia had agreed with or is nearing agreement with a number of the organization's committees. Progress has been made in taxation, consumer rights protection, fishing, labor, health care and steel production, he added.

But he also said problems remain in other areas, including investment, financial markets, the environment, governance and the fight against corruption.

However, he gave a positive assessment of Russia's work with the committees, and he said the work is progressing well.

"We follow the schedules, and the problems are not unsolvable," Denisov said. "They are largely technical and are being gradually resolved."

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