

Medvedev Takes Step Toward Reforming Legal System

By [Khristina Narizhnaya](#)

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Medvedev delivering a speech as Schröder looks on at the International Legal Forum in St. Petersburg on Friday. **Dmitry Astakhov**

ST. PETERSBURG — President Dmitry Medvedev said Friday that he has signed a decree ordering the Justice Ministry to monitor law enforcement and the execution of court decisions and to provide annual progress reports, making a direct link between the quality of the legal environment and Moscow's ambition to become a global financial center.

"Problems with enforcing laws, lack of respect for the courts, and corruption are not just issues affecting our public life but are macroeconomic factors holding back our national wealth growth and putting a brake on our efforts to carry out economic decisions and social initiatives," the president said at the opening of the first International Legal Forum in St. Petersburg.

"We will continue to develop our legal system. This is beyond any doubt. We will continue

to improve our court system and keep watch over what is happening," he said.

The announcement about the presidential decree came two days after Medvedev declared that Russia would honor its obligations to the European Court of Human Rights, even if Moscow viewed the decisions as politically motivated.

The three-day legal forum, which is planned as an annual event, took place at the historic Mikhailovsky Castle, where Emperor Paul I was assassinated in the early 19th century. Nearly 500 legal experts attended, including former German Chancellor Gerhard Schröder; Hans van Loon, secretary general of the Hague Conference on Private International Law; and International Bar Association president Akira Kawamura.

Russian courts lack resources and qualified judges and lawyers, experts said. This makes the caseload overwhelming, said Anton Ivanov, chief justice at the Supreme Arbitration Court, which handles business disputes.

The average judge is overwhelmed with 59 cases a month, about double the acceptable amount, Ivanov said.

"The Justice Ministry is economizing on judges," Ivanov said.

He said more funds should be earmarked for salaries in order to hire more judges. Other experts said judicial salaries should be boosted to a level that bribes would not seem so attractive.

Problems that arise from the lack of resources include judges accepting bribes and hastily made decisions that allow them to move on to the next case, experts said.

Establishing alternative arbitration for commercial disputes where two sides pick a judge to hash out their differences in private could also lighten the caseload for conventional courts, said Tatyana Andreyeva, deputy chief justice of the Supreme Arbitration Court.

Alternative arbitration, or courts independent of the state, currently exist in Russia, but because of a lack of regulation, there are many unqualified courts and judges are not liable for bad decisions.

Recently the Supreme Arbitration Court started allowing cases to be filed electronically, publishing court materials and broadcasting sessions online.

In addition to legal reform itself, forum participants discussed how the legal climate affects the investment climate.

Reworking legislation to curb bureaucrats' power should decrease corruption, said Alexander Voloshin, head of an advisory group that Medvedev has created to make Moscow an international financial center.

Other ways to make Moscow more attractive to international investors include making the city more multilingual and easing immigration restrictions for qualified specialists, participants said.

Developing a more modern financial and legal infrastructure and reforming tax law should also help, they said.

But many things need to be overcome first.

"The Soviet mentality, the corruption — these problems aren't solved so quickly," Voloshin said.

Kawamura, of the International Bar Association, said speedy trials would attract businessmen to the Russian legal system. A standard business case should take from three months to a year, with three years being the ceiling in extreme cases, he said. Cases in Russia can take more than 10 years.

Event participants agreed that no single country could be used as a model.

"Every country has something interesting we can use for our system," Ivanov said.

Johan Gernandt, who serves as chairman of the board of the Arbitration Institute of the Stockholm Chamber of Commerce, commended Friday's forum as a first step but said the problem should be dealt with as a serious crisis.

Laws and regulations need to be reworked and a regulatory system should be established under the supervision of financial and legal authorities, he said.

"Russian courts aren't fully trusted. Independence of the court system is necessary to convince international investors to come to this country," he said, citing pressure from the executive branch and corruption as factors that made the courts not independent.

Legal reform is a key factor for attracting investors, Deutsche Bank Russia chief economist Yaroslav Lissovolik said.

The forum needs to be backed up by real reforms, namely laws that increase officials' salaries and tighten sanctions for violations, he said.

"It's a myth that it's such a large country and it's not possible," Lissovolik said. "It can be done quickly."

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