

Investors Cheer Visa, WTO Progress

By [Howard Amos](#)

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Participants attending the St. Petersburg forum on Thursday. The U.S. ambassador won spontaneous applause when he announced new visa rules. **Pavel Dolganov**

ST. PETERSBURG — In a significant easing of visa rules, U.S. and Russian citizens will soon be able to secure three-year multiple-entry visas and will not need to secure visa invitations, U.S. Ambassador John Beyrle said Thursday.

Beyrle's announcement and buoyant optimism about Russia joining the World Trade Organization this year gave investors much to cheer about at the opening of the three-day St. Petersburg International Economic Forum.

Beyrle won spontaneous applause when he announced at a Russia-U.S. business session that the major travel liberalization between both countries was just three weeks away.

Secretary of State Hillary Clinton and Foreign Minister Sergei Lavrov will sign an agreement giving tourists and business travelers from both countries the three-year multiple-entry visas "as a general rule," Beyrle said.

He acknowledged that existing hassles for obtaining visas were “the most pervasive barriers” for business and said the liberalization would have “a huge impact on a more active economic relationship.”

He also promised that the agreement was just the start.

“Three years is just the first step,” he said.

Speaking in a room packed with corporate leaders from both countries, Beyrle called for the much-praised U.S.-Russian “reset” initiated by President Barack Obama to be extended from politics into business to “unleash the flows and reduce the barriers.”

He said the political achievements of Presidents Obama and Dmitry Medvedev have not been reflected in business ties.

The relationship, he said, must be founded on “solid and sustainable commercial and economic ties” — “that shock absorber that helps us ride out some of the political ups and downs.”

He noted that U.S.-Russian trade figures were still dismal, with \$32 billion in turnover in 2010 representing just 1 percent of U.S. worldwide trade and U.S. direct investment in Russia making up only 0.5 percent the country’s worldwide investments.

Beyrle was also blunt about shortcomings in Russia’s economic development.

Last year’s 4.4 percent growth was “wonderful for some, but Russia should aspire to better,” he said, adding that there were some “alarming indicators” like the fact that this year’s capital outflows already stand around \$30 billion.

Those figures, reported recently by the Central Bank, indicate that “things are not moving in the direction in which we need them to go,” he said.

The ambassador also said that fighting corruption remains “Job No. 1” and praised recent reforms like legislation that criminalizes bribes for foreign officials and cracks down on online auctions for state procurements.

But he suggested that private-sector initiative was more important. “Bureaucracies are bureaucracies, businesses get things done,” he said.

Beyrle also quipped that he had failed to persuade forum organizers to hold an anti-corruption seminar.

Turning to the WTO, Beyrle stressed that it was a key priority for the Obama administration to get Moscow into the organization by the end of the year.

He said that accession talks were in their final stages and that the next few days would “help us get very, very close to the finish line.”

Dmitry Pumpyansky, CEO of steel pipe maker TMK, pointed out that the Jackson-Vanik amendment would have to be repealed first. The Obama administration has promised to press

Congress to annul the Cold War-era trade restrictions.

Beyrle also picked up on the idea of a bilateral investment treaty, promoted by billionaire Viktor Vekselberg.

“We agree that Russia and the United States need a bilateral investment treaty, which we see on the horizon,” he said, but added that the WTO came first.

Vekselberg, who initially chaired the Thursday’s panel, expressed open frustration at U.S.-Russian business ties.

“Despite the huge potential, we are at a low level,” he said.

Severstal owner Alexei Mordashov noted that at 17 years, Moscow has beaten Beijing’s 14-year wait to join the WTO. China joined in 2001.

Mordashov said China was an encouraging example for Russia because it experienced a huge inflow of direct foreign investment after accession.

Russia is “technically ready to join to WTO” and “there are almost no unsolved questions,” he added, blaming new barriers that arise from time to time for hampering the process despite the two countries’ “great will” to complete it.

WTO membership was also enthusiastically endorsed by Rusnano chief Anatoly Chubais. The liberal architect of 1990s privatizations told a separate panel devoted to ties with Europe that WTO entry would open the door to much closer trade ties with Europe.

Chubais charted a three-step scenario to a wide-ranging free trade agreement with the European Union, which Russia has had many trade spats with in the past.

The first stage — unveiled by President Dmitry Medvedev at last week’s Russia-EU summit in Nizhny Novgorod — would be to remove all remaining obstacles to WTO membership within one month — and failure to meet the deadline would mean that Russia could not join by December, Chubais said.

“That’s the schedule that we actively support,” he said.

Once WTO membership is accomplished, Moscow and Brussels could proceed with a visa facilitation agreement in 2012 as the second step and then sign a new partnership and cooperation agreement by 2013 or 2014.

Chubais said European and Russian business leaders supported the three-step plan.

While European investors said they approved of the plan, some said they hoped for more political predictability.

Carlsberg CEO Jorgen Buhl Rasmussen called upon the government to ensure a dialogue with businesses and to “create a more predictable environment.”

Rasmussen recalled that the Danish beer giant was caught off guard when the government last year increased the beer tax, resulting in a 25 percent jump in consumer prices.

“Surprises are always difficult to handle,” he said.

Deputy Economic Development Minister Alexei Likhachyov sought to dismiss concerns that Russia’s customs union with Belarus and Kazakhstan might hamper WTO accession.

An agreement will be signed shortly that stipulates the dominance of WTO rules over the customs union rules, he told the panel.

Kazakh Economic Development Minister Kairat Kalimbetov said WTO accession would “eliminate the last questions about the transparency of Russia’s and Kazakhstan’s economies.”

Among the forum’s more colorful participants was Anna Chapman. The red-haired former spy was spotted by a reporter Thursday outside the Russia-EU round table wearing a tight marine-colored silk dress, and said she was attending as editor of her new Venture Business News monthly.

“I came to meet with people I know,” Chapman told The Moscow Times, adding that she was going to write a story for her newspaper.

Chapman added that she was still working as an aide to the president of FundServiceBank, a job she has held since October.

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