

Medvedev Touts Privatization and Pro-Business Policies

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President Dmitry Medvedev made a passionate plea for his modernization drive Friday, promising a host of new investor-friendly measures and strongly distancing himself from policies associated with Prime Minister Vladimir Putin.

In his address to the St. Petersburg Economic Forum, Medvedev stressed that liberal market reforms were the only path to a better future and personally vouched for their implementation.

Medvedev made it clear that he disliked state orchestration of the economy and its direction by "personal control." "We are not building state capitalism," he said, adding that such an approach was only useful to stabilize post-1990s "chaos."

"Personal control" is a phrase strongly associated with Putin's policy style. The prime minister has in the past regularly personally meddled in corporate politics, including labor

disputes.

Medvedev did not name Putin but made it clear that he thought an excessive role of the state and of state companies in the economy was wrong. "Such an economic model is dangerous for the country's future. It is not my choice!" he said.

The president also said there would be broader privatization of state-dominated industries, that it will be easier for foreign investors to get Russian visas, and he reiterated the hope that the country would enter the World Trade Organization by the end of this year.

He argued that joining the WTO was necessary for the economy to function, saying that markets are like parachutes: "They only work when they're open. With a closed one, we fall," he said.

He added, however, that while Russia wants to enter the global trade body more than other countries, it would do so only under acceptable terms. "If our partners are not ready for a fair admittance for Russia into international organizations, then this is a scenario that must be avoided," he said.

Talks to bring the country into the WTO have been on-going since 1993. While most hurdles seem to have been removed recently, unsolved issues about Georgia's breakaway regions have of late proven to be a sticking point.

Medvedev mentioned the successful IPO of Yandex and safer nuclear power as the first positive results of his modernization policies. Russia builds nuclear plants that meet "post-Fukushima safety standards" he said, in reference to the Japanese plant that caused a nuclear disaster in March.

He also sent a strong political signal to the regions by arguing that replacing long-serving governors often resulted in improved local business climates. He picked Moscow as an example, saying that the city's new leadership has halved the amount of documents necessary to start construction projects.

Medvedev fired Moscow's long-serving mayor, Yury Luzhkov, last fall and replaced him with Sergei Sobyenin, a close ally of Putin.

Medvedev also suggested broadening the capital's boundaries by creating a Capital Federal District in order to help plans to transform the city into a global financial center. He said significant administrative functions would then be moved beyond the city limits.

The president did not elaborate, but Sobyenin told reporters later at the forum that these plans would not mean unifying the city with the surrounding Moscow region. Sobyenin added that he had invited Moscow region Governor Boris Gromov to discuss the matter, and that the issue would be reviewed in a working group that includes representatives of the region's administration.

The topic of merging the two political entities has in the past lead to heated discussions between city and regional authorities, but talks have never borne fruit.

Sobyenin added that any surrender of regional territory to the city would have to be done

without compensation.

The president also said he wants to see a more aggressive approach to the privatization drive he launched earlier this year, saying that current plans were "too modest." "The government must adjust this by August 1," he said.

In another gesture to investors, Medvedev announced that all people with "substantial business" in the country would get long-term visas and added that this would be done "independent of the progress of ongoing visa talks with European countries."

He did not elaborate.

While talks with the EU on abolishing visas have been stalling, U.S. ambassador John Beyrle announced Thursday that a new agreement to give citizens of both countries three-year multiple visas would be signed in three weeks' time.

A complete transcript of President Medvedev's remarks in Russian is available [here](#).

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