

Medvedev Bemoans Business Barriers

By [The Moscow Times](#)

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The president, meeting in Sochi with officials tasked with aiding business, admitted to a lack of progress. **Vladimir Rodionov**

SOCHI — President Dmitry Medvedev on Tuesday criticized Russia's slow progress in scrapping administrative barriers to foreign investment, pressing his fight to stem growing capital outflows.

"We have been fighting on and on against administrative barriers, but new ones keep cropping up again and again," Medvedev told a meeting of government officials tasked with aiding businesses at his Black Sea residence in Sochi.

Endemic corruption in Russia and red tape have scared off many foreign investors and the country's \$1.5 trillion, oil- and gas-fueled economy attracted investments worth only \$13.8 billion last year compared with China's record \$105.7 billion.

The Central Bank says the country will see net capital outflows reaching \$30 billion to \$35 billion this year, fuelled by uncertainty before a March 2012 presidential vote.

"If we don't improve the investment climate, we will not be able to move forward," the president said.

Medvedev appointed investment ombudsmen for each of Russia's 83 regions last year to try to keep regional officials in check.

"Practice shows that two-thirds of these barriers exist in Russia's regions, not in Moscow," Medvedev said.

The newly appointed ombudsmen have so far received 76 complaints from investors, more than over half of them dealing with administrative barriers and discrimination experienced by foreign companies, according to a government handout.

Among those companies that have resolved disputes with regional authorities thanks to the mediation of government ombudsmen were Nestle, Metro and IKEA, First Deputy Prime Minister Igor Shuvalov told reporters.

Both Putin and Medvedev have criticized administrative red tape, heavy bureaucracy and official corruption for acting as brakes on economic development.

But analysts say the country has so far made little headway in scrapping such obstacles to doing business in Russia, which is ranked as the world's most corrupt major economy by anti-graft watchdog Transparency International.

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