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Skolkovo May Help Russia to Diversify

By Frank-Jürgen Richter

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There are competing views on how Russia ought to progress now that the elections are finished. Most focus on whether Russia ought to produce more from its oil and gas resources, or whether it ought to attempt to diversify its economic basket.

How might they diversify? What mechanisms may aid the state? There is its accession to the World Trade Organization and its joining of the Organization for Economic Cooperation and Development. The latter group promotes policies that will improve the economic and social well-being of people.

Last week, Russia signed the OECD Anti-Corruption Convention and agreed to allow the organization to monitor its compliance. In addition, the WTO will pose its own regulations so that each trading partner will be assured of fair-handedness.

These two important changes to Russia's policies ought to reduce the operation of rent-seeking by many officials that have made progress time-consuming, frustrating and costly. Specifically, the WTO will aid Russia's trade flows by ensuring that transparent customs

clearance becomes a quick and efficient process, rather than randomly holding back goods as occurs at present.

New science parks such as Skolkovo offer much hope. They are one of the main drivers behind the country's strategy through 2020 — that technology and innovation will drive Russia's productivity growth. If done correctly, incubator science parks can attract new investment and further the country's path toward greater diversification.

At the same time, however, Russians have little experience completing the route from pure science or research and development to innovation and bringing that innovation to market.

President-elect Vladimir Putin is expected to continue his strong policies concerning the exploitation of oil, gas and other mineral reserves. Yet, being a prudent politician, he will also help a broad spectrum of citizens by ensuring that they are supported across a wide front. To this end, the WTO and OECD programs will bring Russia to greater strengths.

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