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Medvedev Vows to Revamp Legal System

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Prime Minister Dmitry Medvedev speaking at the St. Petersburg International Legal Forum on Wednesday. **Ekaterina Shtukina**

The Russian government will take a number of steps to make the country's legal system suitable for new entrepreneurs by making the rules of doing business simple and clear, Prime Minister Dmitry Medvedev said at the International Legal Forum in St. Petersburg on Wednesday.

"We're aiming to enter the top 20 countries with legal systems best fit for opening a new business," he said in a live broadcast of the forum on its official website.

Amendments to the Civil Code that would make legislation for non-public corporations more liberal has already been introduced to the State Duma, he said and a road map designed to make rules for entrepreneurs more simple and transparent has been elaborated.

Along with measures directed at foreign investors, Medvedev said the government was also working on regulations to protect Russian companies that have branches abroad.

In addition, he emphasized that the government did not want foreign investors to be more privileged than domestic investors, saying the rights of both should be equally ensured, for which new legal mechanisms are necessary.

"The elaboration of such mechanisms is our new short-term objective," he said.

The government aims to increase the competitiveness of Russia's legal system by introducing an immunity on property of Russian companies doing business abroad, Medvedev said.

"A lot of Russian companies do business abroad, directly or via other companies. Everyone knows that sometimes incidents occur when they are subjected to discrimination, used in dishonest political games or their property used as leverage," he said.

"Judicial scrutiny against them is often used as a tool for political pressure on a country they represent."

Medvedev said he and his government were following such situations closely and would take counter measures "using international law."

Timothy Stubbs, a partner at Dentons law firm, said foreign investors were deeply concerned about whether their property and investments would be protected in Russia.

He also said Russia's domestic laws, particularly its corporate laws and civil procedure rules, did not easily accommodate joint venture investment schemes or international arbitration of corporate disputes arising from direct investments into Russian companies.

That is why, he said, foreign investors must rely on foreign law, usually English-law, as well as shareholders' agreements, and work through offshore companies in order to arbitrate their disputes.

"Foreign investors generally perceive the Russian judiciary as de facto dependent on the executive branch, hence not impartial and subject to influence; commercial corruption in the courts is also perceived as continuing," Stubbs said in an e-mailed comment.

Medvedev has also frequently drawn attention to Russia's judicial system, saying that one of the most important tasks for the government was to make it transparent. The government has already introduced a number of bills to parliament that would make courts more open by making information about their activity available online and by setting up video cameras in courtrooms, he said.

The government is also working on the creation of a new institution — a referees court — that would serve as an alternative to the traditional judicial settlement of business and civil disputes.

"Referees courts have not yet been used in Russia as much as they are used in other countries, but the more actively we use them, the better for both business and the legal system, which is

overloaded with routine cases," he said.

Medvedev, who himself has a degree in law from St. Petersburg State University, has been stressing the need to improve the rule of law and overcome "legal nihilism" since his term as president.

Medvedev's critics, however, have said his promises regarding the legal system — and especially the judicial system — have turned out to be empty.

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