

Russian Economy

Russia is committed to developing a viable economic reform program and is working with the International Monetary Fund and the World Bank towards this goal. Key elements are eliminating monopolies, introducing privatization and competition, freeing prices, and attracting foreign investment.

Overhauling its fiscal, micro-economic and macroeconomic policy will be a challenge for Russia given the pressures of high inflation and a recession. However, a more conducive business environment, including economic reform and fair taxation, is required to see Russia attract and benefit from private investment.

Privatization

Legislation introduced in July 1991 called for a three-year privatization program and the sale of 70 per cent of state property over 10 years.

The Russian government has committed itself to privatizing half of Russia's small enterprises, including restaurants and shops.

Other privatization efforts, introduced in January 1992, encourage foreign investors to buy shares in Russian enterprises and allow investors to fully own some unprofitable Russian firms.

Property

All Soviet property on Russian territory belongs to the state. A wide-ranging privatization program is under consideration. Plans to sell land have stalled but foreign investors may obtain leases of up to 99 years.

Price Reforms

Russia has freed prices on most foods and commodities. Energy prices remain under state control, but will gradually be raised to world levels.