This note provides relevant anti-corruption information submitted by the Russian Federation as follow-up to the informal information meeting on 5 June 2000. It is made available as background to the discussion under agenda item 5.
Dear Mr. Pieth,

Please find attached the replies to the questionnaire concerning the participation of Russia in international trade and investment, Russian institutional and legal framework and proposals for the Anti-Corruption Declaration.

We are sorry for the late presentation of this information which is due to the reorganisation of some Russian ministries and agencies.

We are ready to provide you with any other information which could be useful for you.

We confirm our interest in the activities of the Working Party on Bribery.

Sincerely yours,

G. Petrov

Director of the Department
A. Participation in international trade and investment

1. Russia’s international trade during the period January-July 2000 amounted to $82.1 billion (2386 billion roubles) broken down as follows: exports -- $57.7 billion (1606 billion roubles), imports -- $24.4 billion (680.1 billion roubles). Russia’s Gross Domestic Product during the first quarter of 2000 totalled 2946.4 billion roubles.

2. At 1 April 2000, the stock of foreign direct investment (FDI) in the Russian economy stood at $27.67 billion. In 1999, inward flows of foreign investment totalled $9.56 billion (81.2 per cent of the 1998 figure). Foreign direct investment during the first quarter of 2000 amounted to $0.85 billion.

It is projected that foreign direct investment in the Russia economy in 2000 will total $ 4.5-5 billion.

3. The geographical breakdown of Russia’s foreign trade in 1999 was as follows: the European Union -- 34.4 per cent; CIS countries -- 18.7 per cent; APEC countries -- 17.1 per cent; Central and East European countries -- 12.9 per cent; other -- 16.9 per cent.

Russia’s main trading partners in 1999 were: Germany -- $10.4 billion, Ukraine -- $7.3 billion, United States -- $7.1 billion, Belarus -- $7 billion, Italy -- $4.8 billion, China -- $4.4 billion, the Netherlands - $4.2 billion, the United Kingdom -- $3.5 billion, Finland -- $3.3 billion, Poland -- $ 3.2 billion.

### Russia’s international trade in 1999

<table>
<thead>
<tr>
<th>Russian exports in 1999</th>
<th>Total ($million)</th>
<th>Share %</th>
<th>&quot;Far abroad&quot;</th>
<th>Share %</th>
<th>CIS</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel and Energy</td>
<td>31973.2</td>
<td>43.8%</td>
<td>25870.8</td>
<td>42.3%</td>
<td>6102.4</td>
<td>57.1%</td>
</tr>
<tr>
<td>Ferrous and non-ferrous metals</td>
<td>14102.5</td>
<td>20.5%</td>
<td>13568.1</td>
<td>22.2%</td>
<td>534.4</td>
<td>3.7%</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>7916.2</td>
<td>10.6%</td>
<td>5928.4</td>
<td>9.7%</td>
<td>1987.8</td>
<td>18.6%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>5970.4</td>
<td>8.3%</td>
<td>5072.7</td>
<td>8.3%</td>
<td>897.7</td>
<td>8.4%</td>
</tr>
<tr>
<td>Timber and pulp</td>
<td>3427.5</td>
<td>5.3%</td>
<td>3422.5</td>
<td>5.6%</td>
<td>5.0</td>
<td>0.04%</td>
</tr>
<tr>
<td>Other</td>
<td>8370.3</td>
<td>13.5%</td>
<td>7255.3</td>
<td>11.9%</td>
<td>1115.0</td>
<td>11.86%</td>
</tr>
</tbody>
</table>
Russia’s imports in 1999

<table>
<thead>
<tr>
<th>Russia’s imports in 1999</th>
<th>Total ($million)</th>
<th>Share %</th>
<th>&quot;Far abroad&quot;</th>
<th>Share %</th>
<th>CIS</th>
<th>Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and equipment</td>
<td>9249.8</td>
<td>32.3%</td>
<td>7890.3</td>
<td>36.1%</td>
<td>1359.5</td>
<td>16.3%</td>
</tr>
<tr>
<td>Foodstuffs and agricultural produce</td>
<td>8518.5</td>
<td>28.4%</td>
<td>6316.6</td>
<td>28.9%</td>
<td>2201.9</td>
<td>26.4%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>4906.3</td>
<td>16.4%</td>
<td>3671.9</td>
<td>16.8%</td>
<td>1234.4</td>
<td>14.8%</td>
</tr>
<tr>
<td>Other</td>
<td>7689.4</td>
<td>22.9%</td>
<td>3977.9</td>
<td>18.2%</td>
<td>3711.5</td>
<td>44.5%</td>
</tr>
</tbody>
</table>

The main investors in the Russian economy were Germany, the United States, France, the United Kingdom, Italy and Cyprus. During the first quarter of this year, investors from these six countries invested more than $1 billion in the Russian economy.

Foreign direct investment was most prevalent in the following sectors: the fuel and food industries, retailing and catering, engineering and metal-working, transport and communications. Foreign direct investment in these sectors at the end of the first quarter of this year totalled $22 billion, representing 80 per cent of the total stock of FDI.

B. Institutional/legal framework

1. The Criminal Code of the Russian Federation establishes the liability of public officials for so-called corruption offences. Article 291 defines the taking of bribes as constituting such an offence. In addition to simple bribery, other types of corruption are criminally punishable. In the first instance, these include: abuse of official powers (Article 285), exceeding the limits of official powers (Article 286), misappropriation or embezzlement of assets (Article 160). Preliminary investigations in the aforementioned types of criminal case are conducted in accordance with the Code of Criminal Procedure of the RSFSR (Article 136) by investigators from the prosecutor’s office, the Federal Security Service and Department of the Interior.

2. Corporate criminal liability (criminal liability of legal persons) is not recognised by Russian legislation since the concept is not in accord with the constitutional and the basic legal system of the Russian Federation. Russian legislation does however provide for the administrative liability of legal persons, including the suspension and winding-up of their business activity.

3. Tax deductions for bribes (or commissions or fees) made to domestic and/or foreign public officials are not allowed by Russian tax legislation, since the law does not allow the possibility of such payments. Therefore, persons paying or receiving such bribes (or commissions or fees) are punishable under Articles 290 and 291 of the Criminal Code.

4. Taking account of the inadequacy of legal measures adopted at international level for combating corruption, in January 1999 Russia signed the European Criminal Law Convention on
Corruption. In addition, a draft Federal Law “On combating corruption” is being examined by the State Duma of the Federal Assembly.

5. The laundering of money or other assets that have been unlawfully acquired is a punishable criminal offence, liability for which arises under Article 174 of the Criminal Code. In addition to this article, the Federal Law “On combating the laundering of money obtained by illegal means” adopted in June 1999 by the State Duma and approved by the Federation Council, is in the stage of finalisation by a Special Commission of the State Duma of the Federal Assembly.

6. The Russian Federation participates actively in international treaties on the provision of legal assistance in civil, family and criminal law cases, as well as in bilateral agreements on the provision of legal assistance for the purpose of investigating these and other offences.

C. Proposals for the draft Anti-Corruption Declaration

Russia proposes to include in the Declaration a section on international co-operation in fighting corruption. This section could stress the importance of such mutual co-operation in implementing an anti-corruption programme. Mutual co-operation could have three thrusts:

Legal measures:
1. Harmonisation of the legislative basis of state involvement in the economy.
2. Adherence to international agreements on the extradition of criminals.
3. Conclusion of agreements with partner countries repudiating bribery as a means of competition, and enshrining the relevant principles.
5. Implementation of restrictions on businessmen from countries whose legislation does not ban bribery.

Law enforcement
1. International information exchange (in particular on firms that resort to bribery).
2. Unification of standards of proof in the area of corruption (required, for example, in applications for the extradition of persons under criminal investigation).
3. Conclusion of bilateral and multilateral agreements on joint operational measures.
4. Conclusion of mutual assistance agreements with regard to the extradition of persons under criminal investigation, the questioning of witnesses, access to bank accounts, and the blocking of accounts.

Assistance
1. Training of anti-corruption officials.
2. Assistance with drawing up anti-corruption programmes.
3. Assistance with designing and implementing information campaigns.
4. Co-ordinated large-scale efforts to combat the activities of international corruption networks.