Participants in a recent OECD-sponsored Moscow symposium on foreign direct investment (FDI) urged a number of practical steps to improve the investment climate in the Russian Federation and thereby develop the country’s economy.

The seminar was held on 16th and 17th June, and attended by Russian Federation government officials, delegates from OECD countries, staff from the OECD secretariat and other international organisations, as well as by private sector and academic experts. It was opened by Mr. Salvatore Zecchini, Assistant OECD Secretary-General and Director of the OECD Centre for Co-operation with the Economies in Transition (CCET), and by Mr. Yuri Urinson, Russian Deputy Minister of Economic Affairs. The concluding session was chaired by Mr. Rainer Geiger, Deputy Director of the OECD’s Directorate for Financial, Fiscal and Enterprise Affairs.

The seminar took place one week after the signing of a co-operation agreement between the OECD and the Russian Federation in Paris, and focused on the role of FDI in Russia’s transition to a market economy.

Noting that some $4 billion of FDI had been invested by foreign companies in Russia up to the end of 1993, participants agreed that the country offered interesting investment opportunities through its market potential, human and natural resources and technology. But much more investment was needed and the authorities should strengthen their efforts to create a favourable investment climate.

Participants noted the persistent uncertainty of the economic environment, though saw signs of an improving macroeconomic performance, such as inflation falling to about 10 per cent per month and substantial progress in the privatisation process. However, much remained to be done as far as the legislative and institutional frameworks were concerned.
There was support among participants for the Russian authorities’ intention to draw up new FDI legislation conducive to an improved business investment climate through the introduction of a whole range of practical measures including, *inter alia*, public sector reforms, a new Civil Code, tax reforms, strengthening of the financial sector and efforts to promote an investment culture in the population at large.

OECD, in co-operation with Russian experts, will prepare by the end of the year a guide to investment in the Russian Federation. In the spring of 1995, the OECD Advisory Group on Privatisation will review in Moscow the post-voucher privatisation experience and the role of secondary markets. A seminar on the tax treatment of FDI will be held in the context of the OECD Programme on Tax Cooperation with the Russian Federation.

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