

## INTERDEPARTMENTAL INTERACTION ISSUES INTERFERE WITH RUSSIA'S PARTICIPATION IN INTERNATIONAL ECONOMIC ORGANIZATIONS

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*The issues of interaction between state departments in Russia weaken the efficiency of Russia's participation in international economic organizations such as the WTO, OECD, BRICS, APEC, etc.). By introducing a well-defined delineation of powers of ministries and departments in charge of Russia's cooperation with these organizations and embedding respective measures into the state programs and performance plans of government bodies, Russia will be able to strengthen its external economic positions by enhancing its role in the key international organizations.*

The key international economic organizations, namely the WTO, OECD, APEC, BRICS, etc., play a major role in defining principal trends and rules in the development of a multilateral and regional trade system, the global economy at large. The issues of interaction between state departments weaken the efficiency of Russia's participation in international economic organizations. Russia will not be able to successfully achieve its national strategic goals unless its positions are strengthened in these organizations.

Poor efficiency of interdepartmental interactions between Russia's federal executive bodies is a key issue of Russia's cooperation with the OECD. No duly regulated procedure has to date been established to regulate the participation of government bodies' representatives at meetings held by OECD Committees, Working Parties and other subsidiary bodies, thereby weakening Russia's potential to achieve its goals and objectives in this organization. Furthermore, the lack of state government bodies' representatives in certain OECD Committees (the OECD Steel Committee, in the OECD Council Working Party on Shipbuilding) gives no way of domestic manufacturers and entrepreneurs taking advantage of the OECD potential as a forum for negotiations and a think tank for business development in Russia.

The provisions on the status of state government bodies give no way of defining such bodies' powers when it comes to Russia's participation in international economic organizations.

In particular, the Ministry of Economic Development of the Russian Federation coordinates state government bodies interacting with international organizations and regional associations of foreign states on subject matters such as economic policy, interacts with the government authorities of foreign states and international organizations in the prescribed areas, sends its specialists to Russia's per-

manent missions to international organizations and leads these specialists<sup>1</sup>.

At the same time, the Russian Foreign Ministry, the parent body within the federal executive framework when it comes to relations with foreign states and international organizations, is in charge of Russia's participation in international economic organizations<sup>2</sup>.

In respect to Russia's participation in international economic organizations, most questionable is the wording in the Provision on the Russian Foreign Ministry which reads that the Ministry participates in the development and implementation of the national policy of expanding Russia's trade-economic and financial relations with foreign states and international organizations, because the Ministry of Economic Development deals with interaction with international organizations in trade and economic cooperation (the development of entrepreneurship, foreign economic affairs (except foreign trade), investment etc.). The objective to expand trade and economic relations is to be achieved via trade missions led by the Ministry of Economic Development. Furthermore, there are contradictions regarding branch ministries cooperating within the scope of their competence with international organizations (Ministry of Industry and Trade, Ministry of Finance, Ministry of Agriculture, etc.).

The interaction between the Russian Foreign Ministry and the Ministry of Economic Development is facing serious problems because they report to different bodies: the Russian Foreign Ministry reports to the President of Russia while the Ministry of Economic Development reports to the Government of Russia.

1 Russian Government Executive Order of 05.06.2008 No. 437 (as amended on 04.09.2014) On the Ministry of Economic Development of the Russian Federation. Official Gazette of the Russian Federation, 16.06.2008, No. 24, p. 2867.

2 Presidential Decree of 08.11.2011 No. 1478 on the Coordinating Role of the Ministry of Foreign Affairs of the Russian Federation in Implementing a Common Foreign Policy of the Russian Federation.

Broadening the Ministry of Economic Development's powers to enhance the Ministry's role as coordinator of state government bodies' participation in international economic organizations will address the issue of lacking a systemic character of cooperation with international organizations with regard to the ministries under the jurisdiction of the Government, which are in numerical majority.

It is the Ministry of Economic Development that is in charge of Russia's interaction with the leading trade organization WTO. At the same time, the Russian Foreign Ministry is also involved in the cooperation with the WTO: 27 out of the 32 members of the Permanent Mission of the Russian Federation to the World Trade Organization are appointed by the Ministry of Economic Development, while the other 5 members by the Russian Foreign Ministry. The Permanent Mission is run by the Ministry of Economic Development in conjunction with the Russian Foreign Ministry<sup>1</sup>, however, such interaction lacks well-defined mechanisms, wherefore a procedure for the approval of key decisions should be regulated (decisions on nomination for the post of Permanent Representative, on participation in the WTO Working Parties, etc.), otherwise the process of negotiation would be exposed to bureaucratization and delays in its schedule, having an adverse impact on the efficiency of the Russia's Permanent Mission to the WTO and, consequently, Russia's participation in the organization.

Additionally, the ministries which interact within the scope of their competence with international organizations are equal in the hierarchy of state government bodies and may not have administrative powers over other ministries, because the former have the same status. This leads to the need for establishing government commissions coordinating federal ministries in charge of interaction with international economic organizations, as well as monitoring and overseeing the progress and performance of such interaction.

The procedure for Russia's interaction with the APEC should be cited as an example demonstrating possible ways to enhance the mechanisms of Russia's participation in international economic organizations. To ensure an efficient Russia-APEC cooperation, the Interdepartmental Commission was established in 1996 and then replaced in 1998 with the Commission of the Russian Federation Government on the participation in the APEC forum. It is the Government's Commission

on Economic Development and Integration that has been coordinating Russia's government bodies since 2004. The Commission is designed to, among other things, provide economic integration, mutually beneficial cooperation Russia, pursue a unified strategy for interaction with international economic organizations, including APEC<sup>2</sup>. The Commission is headed by the First Deputy Chairman of the Government of the Russian Federation. Commission's decisions are binding on executive bodies, but also require a more detailed regulation of powers for coordination of government bodies in charge, as well as monitoring and oversight of interactions with international economic organizations.

An Organizing Committee for the preparation and support of the presidency was established to support Russia's presidency of APEC in 2012. The Organizing Committee was intended to coordinate executive bodies for the purpose of achieving the presidency-related objectives. This contributed largely to the efficiency of interdepartmental interaction. The Organizing Committee ceased to exist after the APEC's Forum in Vladivostok was closed. As a result, the efficiency of participation in the Forum deteriorated drastically. In 2012, Russia initiated a great deal of events as part of the APEC: APEC's Human Security Symposium, Development of E-health Systems as a Tool for Management in the Health Area of APEC's Economies, etc. In 2013, Russia didn't attend the APEC's international meetings of both public officials and business community representatives. The APEC international healthcare meeting in the city of Krasnoyarsk was opened by the Deputy Head of Department for international cooperation and public relations, not by the Health Minister or his Deputy<sup>3</sup>.

Even the state programs<sup>4</sup> which set forth the national policy priorities until 2020, the key measures designed to address the national strategic issues and objectives, as well as the ministries in charge – federal ministries and departments in charge of such measures – provide no mechanism of interaction between the ministries in charge for successful implementation of the measures set forth in the state programs. Furthermore, a big problem is the fact that federal executive bodies' Performance Plans adopted for the planning period of 2013-2018 take no proper account of the goals and objectives set forth in the state programs, as well as measures required for their implementation for the purpose of achieving Russia's foreign economic and foreign policy objectives via participation in inter-

1 The Provision on the Permanent Mission of the Russian Federation to the World Trade Organization. [http://www.mid.ru/bdomp/ns-dipecon.nsf/370924d7f91618e0c32576bf002c1caf/a6c66c6cebafeb89344257c7700334c56/\\$FILE/%D0%9F%D0%BE%D1%81%D1%82%D0%B0%D0%BD%D0%BE%D0%B2%D0%BB%D0%B5%D0%BD%D0%B8%D0%B5.pdf](http://www.mid.ru/bdomp/ns-dipecon.nsf/370924d7f91618e0c32576bf002c1caf/a6c66c6cebafeb89344257c7700334c56/$FILE/%D0%9F%D0%BE%D1%81%D1%82%D0%B0%D0%BD%D0%BE%D0%B2%D0%BB%D0%B5%D0%BD%D0%B8%D0%B5.pdf)

2 <http://government.ru/media/files/41d4b0b177cad934ccc9.pdf>

3 [http://viu.edu/docs/cdia/Russia\\_in\\_APEC\\_2011-2013.pdf](http://viu.edu/docs/cdia/Russia_in_APEC_2011-2013.pdf)

4 Foreign Economic Development and Foreign Policy state programs.

national economic organizations. Federal executive bodies have no planning documents which set forth their goals of interaction with international economic organizations, as well as key measures aimed at achieving these goals. None of the state programs and none of the performance plans of such bodies sets forth objectives of Russia's participation in the BRICS which is a core priority for Russia: the New Development Bank and BRICS Contingent Reserve Arrangement ("CRA") are being under construction at the initiative of Russia and its BRICS principal partners.

The issues of interactions between departments can be seen not only at the "horizontal" level (between ministries), but also the vertical level (the Government and federal ministries). In particular, the Government approves state programs designed to fulfill the national objectives. At the same time, the level of goals in the State Program designed to develop foreign economic affairs is much lower than that of the strategic goals set forth in the Concept of Long-Term Socio-Economic Development of the Russian Federation until 2020 and the Concept of the Foreign Policy of the Russian Federation until 2020. Moreover, the approved text of the State Program Decree on the (unlike the provisions of the Government's Executive Order On the Approval of the State Program of the Russian Federation "The Foreign Economic Development" 2013 which ceased to be in force due the adoption of the foregoing Decree) lacks a well-defined list of measures of interaction with international economic organizations,

which are required to fulfill Russia's foreign economic goals and objectives, i.e. the Government sets no well-defined objectives for federal ministries and departments in terms of participation in organizations and, consequently, fails to define indicators allowing the performance of such interaction to be measured.

Finally, poor efficiency of interdepartmental interaction can be explained by the lack of a common strategic document designed to define goals, areas of focus, key objectives of Russia's cooperation with international economic organizations aimed at enhancing Russia's role in the transnational economic system through the use of dialogue mechanisms and advanced instruments of international economic organizations. This leads to the need to adopt a Concept of the Russian Federation Participation in international economic organizations and forums, as well as an Action Plan for the purpose of the Concept which identifies state government bodies in charge of Russia's participation in a particular organization, principal goals of cooperation and a list of key measures designed to fulfill such goals, as well as provides for the procedure for interaction between government bodies in charge.

The existing problems in the mechanism of interdepartmental interaction between state government bodies weaken substantially the overall efficiency of Russia's participation in international economic organizations and, consequently, in the global economy at large. Therefore, the foregoing problems should be addressed as soon as possible. ●