

Institutional Issues of Transport Policy Implementation in Russia

Nina Oding

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1 Introduction

Russia is enjoying the most encouraging external economic environment of the last 15 years. The world economy has recovered from stagnation, and all major world economies are looking forward to further growth. Russia is demonstrating dynamic development with new types of demands on the transport industry services. Higher needs in business trips and cargo shipments are part and parcel of growing business operations. The Russian economy is witnessing an upsurge accompanied with growing exports and relative production-cost reduction. With annual growth rates exceeding 7%, the country has escaped from its debt quagmire. Another important feature of the present situation is that the material-intensive economies of China, India, and other Asian states show growing demand for raw materials, with raw material prices continuing to ride high. With respect to this, the issue of Russia's integration into the international transport services market acquires special significance. The main goals are to secure Russia's present position in the traditional sales markets and enter new markets while ensuring independence and reliability of the transportation links. The plans include export flows' diversification and switching over to the east and northwest directions with a focus on exports through Russian ports, coal export through Russian ports, and marine shipments of natural gas.

At the same time, with the impressive growth rates largely fueled by a favorable external situation, the Russian economy continues to face a number of serious challenges. Despite an inspiring upturn in the internal market, processing industries, and the services sector, the economy's dependence on resource exports remains high. Today, the fuel-and-energy complex accounts for around 30% of Russia's total manufacturing output, 32% of the consolidated budget revenues, 45% of federal budget revenues, 54% of the exports and about 45% of all hard-currency earnings. These trends are expected to remain unchanged in the short-term as well. (Osnovnyje Pokazateli Socialno-Ekonomicheskogo RazvitiJa Rossii, 2003).

The globalization trends that gained momentum at the end of the last century significantly aggravated the problems of Russia's competitiveness. The solution to these problems will largely depend on whether the country can diversify its economic structure, increase the share of products with high-added cost, and stimulate high-tech export growth. This can only be done if the country opens its national economy, joins the WTO and competes successfully with the developed economies. The economy and external trade diversification will require significant expansion of the transportation services exports and an adequate updating of the existing transport infrastructure.

The Transport Strategy of Russia approved by the RF State Council in late 2003 is to become a long-term basis for state policies in this domain. In order to see if that strategy can help meet the acute infrastructure development challenges in the country, one has to analyze the current state and development trends of the transport complex, identify the key components of the country's transport policies, and review the existing institutional problems of their implementation.