# Board receives report on Russian program; structural benchmarks remain to be met

*IMF Managing Director Michel Camdessus reported to the IMF Executive Board on December 6 on the status of Russia's economic program. (The full text of News Brief 99/81, issued on December 7, is available on the IMF's website: www.imf.org.)*

"We have been examining the progress made by Russia in the implementation of its economic program," Camdessus said. "Important progress has been made on the macroeconomic side. In particular, program expectations have been exceeded regarding economic growth, the containment of inflation, the fiscal balance, and international reserves.

"On the structural side, there has also been some progress. However, a number of structural benchmarks set for end-September 1999 remain to be met. When these remaining issues have been satisfactorily resolved, I expect to recommend completion of the review to the Executive Board," he said.

The structural benchmarks for end-September 1999 that remain to be completed are items 4, 5, 6, 8, 9 (see below), based on Table 3 of Russia's Letter of Intent, released on July 13 (http://www.imf.org/external/np/loi/1999/071399.HTM).

### Structural benchmarks

1. Implement a system of preapproval of all federal contracts; all obligations lacking such approval will be declared invalid. This preapproval will rely on a reporting system monitoring the amount of registered contracts against budget limits on an ongoing basis, with all contracts that exceed federal budget spending limits being denied.

2. Verify and restructure all budgetary arrears from previous years.

3. Submit amendments to the Duma on the Law on Banks and Banking to require lending institutions to make annual public disclosure of banks' key financial indicators, such as capital adequacy ratios and provisions against bad assets; income statements to be introduced by December 31, 1999, for fiscal year 1999; to have annual accounts prepared and audited by a qualified firm; and to publish quarterly reports.

*4. Increase cash collection rates for electric power, district heating, and natural gas to 35 percent and for freight service provided by the railways, increase cash collection rate to 60 percent.

*5. Pass amendments to the Law on Insolvency (bankruptcy) to eliminate the bias in the law toward reorganization rather than liquidation of enterprises; eliminate court discretion in overruling the creditors' decision to liquidate the debtor enterprise; and provide for the participation of the state in bankruptcy proceedings at all stages where relevant for the protection of the public interest.

*6. Award contracts for the execution of financial management reviews, leading to annual audits—carried out in line with international auditing standards—of the Pension Fund, Social Insurance Fund, Medical Insurance Fund, and the Road Fund.

7. Issue a decision requiring Gazprom, RAO UES, the Railways, and Transneft to prepare and publish on a quarterly basis financial accounts consistent with the International Accounting Standards (IAS), commencing with accounts for the first quarter of 2000.

*8. Eliminate the deposit requirement for prepayment of imports.

*9. Submit to the Duma amendments to the Bank Bankruptcy Law, as described in paragraph 45 of the Statement on Economic Policies.

10. Carry out a review of monetary policy instruments available to the Central Bank of Russia, and take additional measures necessary to allow the Central Bank of Russia to achieve the monetary policy objectives. ■

* Not met as of December 7, 1999.

*Seattle conference*

# IMF, World Bank, WTO leaders stress importance of increased trade for reducing poverty

*IMF Managing Director Michel Camdessus, World Bank President James D. Wolfensohn, and World Trade Organization (WTO) Director-General Mike Moore issued a joint statement to the Third WTO Ministerial Conference in Seattle, Washington, on November 30. Camdessus also addressed the conference separately. Extracts from the joint statement, issued as News Brief 99/78, and Camdessus's statement follow.*

During the past two years, which have been difficult for many of our member countries, the multilateral trading system has been an anchor of strength and stability in the world economy. Its rules are an essential element of the framework for international economic policy cooperation. The damaging economic and social effects of financial crisis have been felt widely, yet the consequences would have been far worse if the crisis had provoked a protectionist trade response. A broad-based recovery in world economic activity and a return to macroeconomic stability are now under way. In these circumstances, it is important that restrictive trade measures continue to be resisted firmly and that further steps are taken to open markets and enhance competi-