

# Russia's WTO Accession Requires a Caring Attitude to the National Economy

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The world community must realize that accession to the World Trade Organization today requires a caring attitude to the national economy. WTO membership is definitely beneficial for highly industrialized nations seeking additional markets, or for countries like Georgia that are linking hopes for at least some development with the appearance of transnational companies. Russia is somewhere in the middle. We are not just a source of raw materials; therefore in WTO accession we must balance the interests of industry, farming and the financial sector with consumer interests.

Politics aside, Russia pursues its national interests the same as the United States and the European Union, its counterparts in the talks. "Purely business, nothing personal," as they say.

Russia has worked on WTO accession for 17 years, but a breakthrough in the talks happened only recently. Generally no unresolved issues remain. Russia's understandings with the EU may be recorded soon, perhaps at the Dec. 7 summit in Brussels.

Russia is interested in supporting its industry and farming, and in a balanced approach to duties. We will definitely not stop protecting the domestic economy before accession.

As a WTO member, we will take into account our own interests and follow WTO principles. In a crisis, Russia should retain the right to adopt measures supporting its own market. This is nothing out of the ordinary. When the United States faced a steel crisis, it introduced a 20 percent customs duty on steel even though it has been a member of the WTO since its inception.

Hence, Russia will try to use transitional procedures to guarantee the balanced admission of its economy to the WTO. Thus the fact of accession does not mean an open-door policy as of a certain date.

Russia is joining the WTO on acceptable terms trying to guarantee the necessary protection of domestic producers in an adequate, competitive environment. We must prepare our economy for this step. This should help us avoid manipulations by other countries.

WTO membership will give us free access to foreign markets and remove various tariff and nontariff barriers restricting international trade. Russia is currently losing up to \$2.5 billion from discrimination on foreign markets.

A key advantage of WTO membership for Russia will be the opportunity to take part in shaping and modifying the rules of international trade. So far, others have been setting them.

Russia will also gradually reduce and cancel import duties on most commodities. This will primarily affect machine building and light industry. Our foreign counterparts will also make us stop support for farming. We will try to do our utmost to continue this support as long as possible.

The effects of WTO membership will differ for different sectors. Car owners will benefit from Russia's accession to the WTO in terms of quality, diversity and prices. Membership could greatly benefit the chemical and steel industries because other WTO member nations will automatically have to drop their anti-dumping customs duties.

One more systemic issue for Russia is the removal of export duty regulation, as a result of which we will make a slight saving: about 1 percent of gross domestic product.

The losses to the Russian budget from the cancellation of export duties on raw materials will be impressive. We have a general understanding on duties on Russian timber exports to the EU.

As for mineral resources, Russia may switch to charging royalties, making those who extract pay, not those who export. Norway has such a taxation policy.

We will definitely need time for transitional procedures, for adapting our economy and passing new laws. We expect a serious additional burden on the budget, and the budget should sustain it.

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