

WTO Ratification Squeaks Through Duma

By [Anatoly Medetsky](#)

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The State Duma on Tuesday voted by a slim margin to back the country's entry into the WTO, appealing to the government for lower lending rates to make local industry more competitive.

It was thanks to the pro-government United Russia, which detractors said won its parliamentary majority through ballot stuffing, that Russia is heading into the global trade group.

Russia can now become a member of the World Trade Organization one month after the government notifies the group of the Duma's vote, or as soon as August.

"It's a decision that was difficult but important for the development of the Russian economy," Natalya Timakova, spokeswoman for Prime Minister Dmitry Medvedev, said about the vote. "The road to the WTO was long and anything but simple."

The United Russia faction showed up in full force to cast all of its 238 votes to ratify the accession protocol, slightly above the required minimum of 226 votes.

The rest of the 450-seat Duma — the Communists, Just Russians and Liberal Democrats — declined to back the move, with one abstention. Three deputies didn't attend the session.

Membership in the organization will trigger a loosening of Russia's protectionist measures, such as prohibitively high import duties on used cars, which guard the local market against cheaper foreign products.

Duma economic policy committee chairman Igor Rudensky, of United Russia, urged the government to act on the high interest rate for loans, which puts Russian companies at a disadvantage against their foreign competition.

"The main problem is that loans are unaffordable," he said. "The lending that we have is super disgusting."

Cabinet ministers who attended the session didn't immediately react to the appeal Tuesday.

As an argument against supporting WTO membership, A Just Russia faction member Mikhail Yemelyanov said it would scare off investors.

"It's protectionism that creates conditions for attracting foreign investment," he said during the debate.

In introducing the WTO agreement, Economic Development Minister Andrei Belousov conceded that federal revenues would shrink by 188 billion (\$5.7 billion) rubles next year, as a result of customs duties declining due to WTO membership. That number will amount to 257 billion rubles in 2014, he said.

The import duty on used cars is poised to fall to 25 percent from 35 percent of their value as soon as Russia joins the WTO in a few weeks.

But revenues could increase through potentially expanded foreign trade, Belousov said. Membership will fuel economic growth and, therefore, the government's tax take, Belousov said.

Belousov warned that Russia could have to negotiate with the WTO again should lawmakers scuttle the current bid.

"We will not gain better terms than we have at this point," he said. "It's simply disadvantageous for us to restart this process."

He also offered an alternative view of acceding to the WTO.

"Has anyone counted the consequences of not acceding?" he said, adding that it would thwart hundreds of millions of dollars of foreign investment in a country that refused to play by internationally accepted rules.

The attempts to block accession even reached the Constitutional Court, which ruled Monday

that membership terms complied with domestic law.

The Communist Party, allied with some of the country's other political forces and industrialists, was behind the motion in the Constitutional Court. A large group of company directors signed a petition and published it in Kommersant last month to protest the impending WTO entry.

Russia began ascension talks 18 years ago.

Belarus will step up its own talks to enter the WTO, the country's Deputy Foreign Minister Alexander Guryanov said Tuesday, Interfax reported.

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