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Opposition Lawmakers Slam WTO Effect

By Alexander Bratersky

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Russia's automobile recycling fees remain a global bone of contention. **Andrei Makhonin**

Opposition lawmakers and businessmen said at a panel Thursday that Russia had lost billions of dollars due to cuts in import tariffs after its accession to the World Trade Organization.

The panel was attended by groups lobbying the interests of the engineering, agriculture and clothing industries but was ignored by government officials. It was organized by the left-wing Just Russia party, which voted against WTO accession last year along with the Communist Party and the nationalist LDPR.

"The WTO is bringing us into an [economic] depression," Konstantin Babkin, the head of harvester producer Rostselmash, said during an emotional speech, adding that his industry was among the most hard hit after the government lowered tariffs on imports of Western-made harvesters.

One of the country's leading WTO skeptics, Babkin has threatened to file a lawsuit with the Constitutional Court to expel Russia from the organization on the grounds that

the country still does not have an official representative office at the WTO.

Babkin said the budget would lose up to 500 billion rubles ($15 billion) annually due to lower import duties for foreign producers. The Finance Ministry has estimated the losses at 310 billion rubles for 2013.

Babkin said the agriculture industry, which has grown significantly since the 1998 crisis, was among the hardest hit by WTO accession as imports of foreign products increased. He said milk imports had increased by up to 17 percent this year.

His estimates were echoed by Alexandra Zhuravskaya, an expert with Canada's Center for Policy Alternatives, who said Russia had followed the example of many other countries whose agriculture industries had declined because of WTO accession.

But these concerns were dismissed by another panelist, economist Ruslan Grinberg of the Russian Academy of Sciences. He said that declining agricultural production should be seen in the light of global economic crisis.

"We are all in the state of stagnation," he said.

Valery Gartnung of A Just Russia, first deputy head of the State Duma's industry committee, said that WTO accession has "revealed all the problems of the Russian economy".

But while calling himself a WTO skeptic, Gartnung said that leaving the WTO "would not solve any problems."

"We have to change the economic model," he said, proposing to weaken the ruble to stimulate exports.

Panelists agreed that the country needs to have a stronger voice in the organization because, unlike China, it lacks qualified lawyers who are familiar with WTO practices.

Babkin complained that, since joining the WTO, Russia has not filed a single suit to defend its producers. He added that, while preparing a lawsuit to defend his company in a WTO court, lawyers had said that they needed $1 million in fees "just for a start."

But Andrei Slepnev, the trade minister of the Eurasian Economic Commission, said that Russia, Belarus and Kazakhstan would sue Ukraine over its high auto import duties, Interfax reported. The Eurasian Economic Commission is in charge of the Russian-Belorussian-Kazakh customs union.

Meanwhile, the European Union threatened to file a suit against Russia if it failed to apply its auto recycling fee to domestic producers. The fee, which is only applied to foreign manufacturers, was introduced after car import duties were lowered in the wake of Russia's WTO accession.

Acting U.S. Trade Representative Miriam Sapiro also said Thursday that any violations of WTO rules by Russia would be closely monitored.

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