

---

# Russia: From Collapse to an Economic Modernization Programme

Darya Gerasimenko  
*University of St. Gallen*

"A crisis is an *opportunity* riding the dangerous wind." Chinese Proverb.

*"For Russia, the transformation of the world economy creates new opportunities for the development of external economic integration, for strengthening and widening the Russian position in the world markets, as well as for the import of technologies and capital."*

The Concept of Long-Term Socio-Economic Development of the Russian Federation for the period up to the year 2020. (The Decree of the Russian Government dated 17 November 2008 # 1662-p).

## 1. Introduction

The current global systemic crisis has forced many governments to introduce various 'anti-crisis' strategies and programmes as a means of reducing the negative impacts of the crisis on their economies. The approach to these anti-crisis policies has varied, depending on conditions such as the structure of the economy, the level of development of the country, as well as in consideration of any binding international commitments that may be in place. Some countries have gone further than this by seeing the crisis as an opportunity to introduce development strategies within the context of a changing world economic map. One such country is Russia. Prime Minister Vladimir Putin's announcement on 9 June 2009, concerning the accession to the WTO of Russia, Belarus and Kazakhstan in the form of Customs Union, was the cause of some considerable controversy. Was this decision predictable and reasonable? What are the circumstances that made Russia follow this path and to choose regional integration and industrial development over binding international rules during the global recession? These are the questions that this paper addresses.

The Russian Federation has been involved in the WTO accession process for 16 years, with Russian state officials expecting the successful completion of the process by the end of each passing year. However, there have consistently been impediments to progress that have prevented the Russian WTO accession from concluding successfully. Despite this, however, Russian high-ranking state officials have consistently maintained that the WTO accession process has been one of Russia's priorities. Again on 4 June 2009, at the XVIII St. Petersburg International Economic Forum, the Minister of Economic Development, Mrs. Elvira Nabiullina, confirmed that the EC and Russia had agreed on the schedule of Russia's WTO accession being completed by the end of 2009.<sup>1</sup> Thus Prime Minister Putin's announcement, on 9 June 2009 (sever-

---

<sup>1</sup> Semenov, Aleksey. Nabiullina: Peregovory o vstuplenii Rossii v VTO zavershatsya k koncu goda. Rossiiskaya Gazeta, 4 June 2009. Available from <http://www.rg.ru/2009/06/04/reg-szapad/vto-russia-anons.html>

al days later), that Russia would enter the WTO as part of a Customs Union with Kazakhstan and Belarus, was met with a good deal of surprise by Russia's international partners, and understandably so, when it is considered that Russia had already completed proximately 95 percent of its accession process, Kazakhstan 70 percent, and Belarus just 50 percent.<sup>2</sup>

The rest of this chapter is structured as follows: the next section discusses the socio-economic background of Russia's WTO accession; the third section provides details of the last two years of the WTO accession process in chronological order; section four attempts to explain the reasoning behind Russia's decision to rather speedily create the new Customs Union; the fifth section presents details of Russia's current strategies and programmes for its socio-economic development; and finally, conclusions are presented in section six.

## **2. Russia after the USSR - from collapse to an economic modernization programme**

The collapse of the Soviet system has opened new market opportunities in this part of the world. Taking into account the specifics of the economic structure of the USSR, some institutions, especially some services sectors, had to be developed almost from scratch. Thus, the financial services sector, which until then was a traditional comparative advantage of the so called 'western world', gained the advantage of at least a couple of hundred years over its Russian rivals, who have only just began the development of the financial services industry following the collapse of the USSR. Moreover, certain industries lost their comparative advantage during the transformation of the Russian Federation from a planned-, into a market-economy structure. As a result, a traditionally industrialized country lost around 20 years of intensive research and technological development in such areas as aircraft construction, ship-building, the rocket and space industry, and other areas where it is now seeking to make up for lost ground.<sup>3</sup> The agricultural sector simply collapsed during the transitional period, with the result that Russia became a food import-dependent country. The main export items of post-Soviet Russia have become oil (oil products), gas and military equipment.

Russia applied to join the General Agreement on Tariffs and Trade (GATT) in 1993, virtually immediately following the breakup of the Soviet Union. The Working Group on Russian accession to the GATT was duly created which, following the creation of the World Trade Organization in 1995, became re-named the Working Group on Russia's Accession to the WTO. The accession negotiations process began in 1995. Initially, the negotiations were focused at the multi-party level in order to discuss the Russian trade policy regime. However, in 1998 bilateral negotiations commenced as Russia began to discuss access to its goods market and opened discussions on levels of

---

2 PRIME-TASS news Agency. Vstuplenie v VTO v sostave tamozhennogo soyuza ne yavlyaetsya demarshem ili politicheskim shagom - M. Medvedkov. 16 June 2009.

3 The Speech of the Russian President Dmitry Medvedev to the Federal Assembly of the Russian Federation. Poslanie prezidenta RF Dmitriya Medvedeva Federal'nomu Sobraniyu Rossiiskoi Federacii. Rossiiskaya Gazeta # 5038 (214) from 13 November 2009. Available from <http://www.rg.ru/2009/11/13/poslanie-tekst.html>

agricultural support. Since 2000, the negotiations have covered all aspects of Russia's WTO accession process. Currently, the Working Group of Russia's WTO accession includes about 60 countries (the European Communities being counted as one partner).<sup>4</sup>

There has been some considerable discussion inside Russia regarding the timeliness, and even the necessity, of Russian accession to the WTO. On one side, Russian exporters (mainly the metallurgical sector and fertiliser industry, which together constitute just 8.6 percent of Russia's export, according to Table 2), and domestic firms that are heavily dependent upon imports in their production processes, as well as the average consumer, claim that it is necessary to join the WTO as soon as possible in order to secure market access for exports, as well as to reduce costs and improve the terms of imports so as to be able to enjoy a wider variety of goods and services. Thus, losses incurred by Russian producers as a result of other countries' trade restrictions are estimated to be around US\$2 billion, according to the Economic Development Ministry's monitoring of Russia's social and economic development in the first six months of 2009. Indeed, as of 1 July 2009 there were 93 restrictions on Russian goods in place that were introduced by foreign countries in order to protect their markets. Of these, 42 were anti-dumping measures, 7 were special protection measures, and 44 were non-tariff trade regulation measures. Over a half of all anti-dumping measures were against Russian steel and steel products. The second highest number of restrictions related to mineral fertilizers.<sup>5</sup> However, on the other side, actors in some sectors claimed to need additional time in order to develop certain industries before the WTO accession, as well as to gain special governmental treatment, or even government support, in those sectors (e.g., the agricultural sector, the car industry, the pharmaceutical industry, and others).

Recent research, conducted for the Russian Ministry of Economic Development regarding the consequences of the WTO accession for the Russian economy, was presented in February 2008 at the Moscow High School of Economics. The research was designed to answer the following question - what would happen to Russian industries and regions during the years 2009 to 2015 if Russia accedes to the WTO? The research identified several import-sensitive regions that would be harmed by the WTO accession. The general conclusion, however, was that the result of Russian accession would be neutral or positive, although the sectors most at risk were also highlighted - i.e., textiles, the car industry, the chemical industry, the pharmaceutical industry, and others.<sup>6</sup> However, the methodology, as well as the data set of that report, was heavily criticised by other Russian economists for its incompleteness.<sup>7</sup>

---

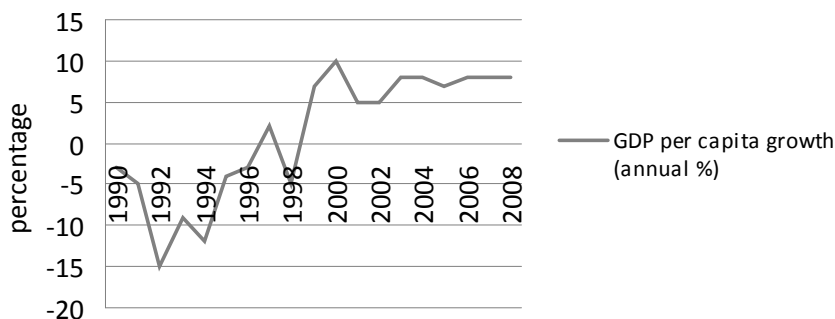
4 Russia and WTO - Information Bureau. On the Current State of Russia's WTO Accession negotiations prepared by the Trade Negotiations Department of the Ministry of Economic Development in December 2008. Available from <http://www.wto.ru/russia.asp?f=del&t=11>

5 Russian Financial Control Monitor, FC - Novosti. Russian producers suffer losses of \$ 2bn from other countries' restrictions. 27 July 2009

6 Arsyuhin, Evgenii. Vsemirnoe Torgovoe Otkrovenie - Rossiiskomu biznesu v poslednii raz raskryli blaga VTO. Rossiiskaya Gazeta # 641 from 19 February 2009. Available from <http://www.rg.ru/2008/02/19/vto-doklad.html>

7 Veletninskii, Igor. Ili horosho, ili nichego - Maksim Medvedkov ne nashel negativnykh posledstviiv vstupleniya Rossii v VTO. Video by Evgenii Arsyuhin. Available from <http://www.rg.ru/2008/02/14/vto-medvedkov.html>

**Figure 1** GDP per capita growth (annual %) in 1990 - 2008 in Russia



Source: Calculated by author on the basis of the data provided by the World Development Indicators (WDI) database

Due to numerous difficulties at the country-management level following the collapse of the Soviet system, industrial policies, as well as business development generally, have not been a real government priority until only recently. It took almost 15 - 20 years to stabilize the society and create a steady platform for further development. Thus, by the year 2000, Russia was experiencing the disintegration of state institutions, systemic economic crises, side-effects of murky privatization processes, the highest level of corruption, serious mistakes in economic and social policies, and fall-out from many other misguided policies and programmes. Therefore, the last ten years of the 20th century became a period of de-modernization and general depression of the country. It took another 5-6 years (following 2000) to fix the system in such a way as to permit further modernization. (Please refer to Figure 1 for the annual GDP growth in percentage for the period 1991 - 2008, from which can be gleaned some sense of the economic conditions of the country following the collapse of the USSR). More recent developments, however, have brought the country to a level at which more significant economic modernization and development can become possible.

A result of this process has been the creation, in March 2006, of the Russian National Priority Projects of the Russian Federation, which are focused in the social sphere on developments in health, education and housing, as well as in agricultural systems.<sup>8</sup> The year 2006 has also become the birth year for the "Russian Long-Term Socio-Economic Development Strategy up to the year 2020". However, the selection of the specific development projects and economic development programmes for Russia (especially the long-term projects up to 2020) has occurred in the wake of the current global systemic crisis. Thus in some ways it could be considered that the crisis has opened up certain opportunities that Russia may seek to take advantage of in implementing its development strategy. The chronological list of the programmes is presented in Table 1.

8 The Russian Priority National Projects website. Available from <http://www.rost.ru>

**Table 1** The main programmes and decisions of the Russian Federation for Socio-Economic Development during the global systemic crisis

#	Programme/Decision	Date
1	The Strategy of Economic Development of the Commonwealth of Independent States (CIS) until 2020	14 November 2008
2	The Concept of the Long-Term Economic Development of the Russian Federation for period until 2020 (Decree of the Russian Government from 17 November 2008 # 1662-p)	17 November 2008
3	The Main Directions of the Activity of the Government of Russia until 2020 (Decree of the Government from 17 November 2008 #1663-p)	17 November 2008
4	The Main Directions of External Economic Policy of the Russian Federation until 2020	November 2008
5	The Programme of the Anti-Crisis measures of the Russian Government for 2009	draft on 20 March 2009
6	The Strategy of the Russian National Security until the year 2020. (Decree of the President of the Russian Federation # 537 from 12 May 2009)	12 May 2009
7	St. Petersburg Economic Forum (meetings of Minister of Economic Development with foreign partners on the WTO accession issues)	4 - 7 June 2009
8	The meeting of the Eurasian Economic Community -- the decision announced by Prime Minister Putin on the Customs Union accession to the WTO	9 June 2009
9	The Main Directions of Customs Tariff Policy for the year 2010 and for the period 2011-2012. Presented by the Minister of Economic Development, Mrs. Elvira Nabiullina at the Russian Cabinet meeting on 11 June 2009	11 June 2009
10	The Programme of the Anti-Crisis measures of the Russian Government for 2009	19 June 2009
11	Amendment to the Main Directions of the Activity of the Government of Russia until 2020 (Decree of the Government from 17 November 2008 #1663-p)	8 August 2009

### **3. Russia's WTO accession path**

As was noted in the previous section, although the GATT had received Russia's accession application in 1993, the active stage of negotiations covering the full range of accession issues began in 2000, which is also connected with the relative stabilization of GDP growth performance (see Figure 1). In the same year, the Expert Council for Foreign Trade Legislation and Foreign Investment (renamed the Expert Council for Foreign Economic Activity Regulation) was established at the State Duma Committee for Economic Policy and Entrepreneurship, in order to assess the views of the state authorities, NGOs, academics, businessmen and lawyers on the regulation of foreign investment and foreign trade in terms of WTO requirements, and on the co-ordination of legislative work related to the WTO accession.

A Government Decree of 8 August 2001 (#1054) approved a plan for bringing legislation of the Russian Federation into conformity with the rules and regulations of the World Trade Organization. The plan provides for the elaboration of a series of draft laws that would provide a solution to the problem of legislation discrepancies with WTO provisions.

At the present time the plan has been virtually completed, as demonstrated by: the passage of the new version of the Customs Code of the Russian Federation (28 May 2003, # 61-FZ); the laws On the Foundations of State Regulation of External Trade Activities (28 May 2003, # 61-FZ); Special Anti-Dumping and Compensatory Measures During the Importation of Goods (8 December 8 2003, # 165-FZ); Currency Regulation and Currency Control (10 December 2003, # 173-FZ); Technical Regulation (27 December 2002, # 184-FZ); the laws On the Introduction of Amendments to the Customs Code of the Russian Federation Dealing with Customs Fees (11 November 2004, # 139-FZ) and On the Introduction of Amendments and Additions to the Russian Federation Law on Customs Tariffs (8 November 2005, # 144-FZ). A set of laws on intellectual property rights protection was also introduced. An examination of departmental acts and regional legislation was also underway, with the purpose of determining their conformity with WTO requirements.

Consultations between the Russian delegation and representatives of the Commonwealth of Independent States (CIS) member countries are conducted on a regular basis, whilst decisions aimed at improvements in the Eurasian Economic Community (EurAsEC) countries' interaction at the WTO accession talks were taken in 2002-2006, during the EurAsEC meetings at the heads-of-state level. The EurAsEC Intergovernmental Council also discussed these questions at the heads-of-government level.<sup>9</sup> Indeed, the reference to the WTO accession process helped state officials and parliamentarians to modernize the internal legal system and policies, and to introduce certain legislation that was necessary for reforms and modernization but was not popular inside the country, such as intellectual property rights protection or laws on the financial services industry regulation, and others.

In order to gain a better understanding of the current Russian position towards the WTO, it is worth referring to a number of articles that have appeared during the last

---

<sup>9</sup> Russia and WTO - Information Bureau. On the Current State of Russia's WTO Accession negotiations prepared by the Trade Negotiations Department of the Ministry of Economic Development in December 2008. Available from <http://www.wto.ru/russia.asp?f=delat&t=11>

2 years in the Russian official newspaper, *Rossiiskaya Gazeta*<sup>10</sup>. These years (October 2007 - November 2009) have been particularly important in terms of identifying the conditions and reasons for Russia's new strategic policy choice with regard to regional integration and WTO accession. It is also worth noting that the decision to create the Customs Union of Russia, Kazakhstan and Belarus was also taken in October 2007; one can therefore observe through these articles the particular circumstances surrounding WTO accession, as well as the prevailing economic conditions within the country that served to speed up the decision to implement the creation of the Customs Union.

By October 2007 there were just two countries, Saudi Arabia and Georgia, remaining in bilateral negotiations with Russia on its accession conditions. Shortly after that, Mr. Maxim Medvedkov announced the expected completion of the accession process would be in 2008.<sup>11</sup> At the same time, the modifications concerning intellectual property rights protection were introduced by the Government to the Russian Parliament. It was expected that Russian domestic law would be in full compliance with WTO law by the beginning of 2008. Also at this time the report on the consequences of the WTO accession, prepared by the Moscow High School of Economics for the Ministry of Economic Development, concluded that the accession would have neutral consequences for the Russian economy. In the medium-term however, the influence could be positive, as Russia moves away from the natural resources structure of its exports over the coming 4-5 years.<sup>12</sup> The ministry announcement stated that if Russia joined the WTO by the beginning of 2008, 22 regions (out of 89) would experience significant economic difficulties. The main problem would arise from the fact that increased imports would serve to reduce the income of the regions, as production in the 'company towns' formed by major enterprises becomes uncompetitive. (For example, the city Tolyatti, which has population of 720,000 and the city-plant "AutoVaz", the Russian car producer, is expected to suffer).<sup>13</sup>

By November 2007 the opinion was being formed that Russia would accede to the WTO with poorly developed adjustment processes for Russian business.<sup>14</sup> By December 2007, there were also several issues that had not been resolved at the WTO negotiating table: agricultural support, intellectual property rights (IPRs), sanitary and phyto-sanitary measures (SPS), technical barriers to trade (TBT), export duties, as well as the regulation of state enterprises activities.<sup>15</sup>

At the beginning of February 2008, the official discussions of the new Russian socio-economic strategy were announced (discussed further in this paper - "The Concept of the Long-Term Socio-Economic Development of the Russian Federation up to 2020"), which positioned Russia as being one of the strongest economies in the

---

10 *Rossiiskaya Gazeta*. Available from <http://www.rg.ru>

11 Kukol, Elena. 'Medvedkov prognozov ne menyaet - Rossii ostalos' zavershit' peregovory o prisоеdinenii k WTO s Saudovskoi Araviei i Gruziei'. *Rossiiskaya Gazeta* # 4492 from 13 October 2009. Available from <http://www.rg.ru/2007/10/13/vto.html>

12 Ibid.

13 Kukol, Elena. 'V minuse - 22 regiona - Schetnaya palata podsчитаet effekt ot vstupleniya v WTO'. *Rossiiskaya Gazeta* # 4507 from 1 November 2007. Available from <http://www.rg.ru/2007/11/01/vto.html>

14 Arsyuhin, Evgenii. 'Ruka utopayushhego - Biznesu predlozhili zaplatit' za zashitu ot VTO'. *Rossiiskaya Gazeta* # 4534 from 4 December 2007. Available from <http://www.rg.ru/2007/12/04/vto.html>

15 Ibid.

world by 2020. One can also observe the beginning of the development of 'sub-strategies' - i.e., various strategies for the different industries.<sup>16</sup> In the same newspaper article<sup>17</sup> Mr. Shokhin (Head of the Russian Union of Industrialists and Entrepreneurs) stated that the imminent Ukrainian accession (which in fact happened in May 2008) could potentially cause another extension of the Russian accession process and that Russia might use the delay to increase the competitiveness of the Russian industries and to adapt itself to the level of international competition. He also emphasized that any prolongation of negotiations would negatively influence the Russian business community, who would prefer to have clarity and predictability, whether inside or outside the WTO system.<sup>18</sup>

As soon as Ukraine joined the WTO (after 14 years of the accession process) Russian state officials announced that they expected Ukraine to join the WTO Working Group on the Russian Accession. Taking into account the recent gas scandal between Russia and Ukraine, the state officials claimed the Ukraine could now significantly delay the Russian accession process. At that time, Russia had been conducting bilateral accession negotiations with the US (on IPRs), Georgia (on Abkhazia), with Saudi Arabia and the United Arab Emirates (UAE), with the EC on railway tariffs and Russian timber export conditions.<sup>19</sup>

By the middle of February 2008 the Ukrainian debt on Russian gas reached 500 million US dollars, and there was a new wave of conflict over gas. Ukraine joined the Working Group on Russian Accession to the WTO, and Russian officials expected a number of requirements from the Ukrainian side - specifically, to abolish export taxes on Russian oil and export restrictions, such as quotas on sugar, spirits and steel tubes, as well as on a number of others. At the official accession ceremony in Geneva the Ukrainian President declared that Ukraine would facilitate Russian WTO accession.<sup>20</sup>

In mid-March 2008 there were only 3 countries remaining in bilateral negotiations with Russia - Saudi Arabia, the UAE and Georgia. At this time, it was expected that Russia would become a WTO member by January 2009.<sup>21</sup>

In April 2008, at the meeting of presidents of the United States and Russia in Sochi, George W. Bush confirmed that the US supported Russia's WTO and OECD accession, adding that it was important to release Russia from the so-called 'Jackson-Vanik amendment'<sup>22</sup>. Vladimir Putin emphasised that both parties were in agreement on

---

16 Kukol, Elena. Proryv na Zapad - Aleksandr Shohin predlozhit sozdat' agentstvo po prodvizheniyu rossiiskih investitsii za rubezhom. *Rossiiskaya Gazeta* # 4581 from 6 February 2008. Available from <http://www.rg.ru/2008/02/06/biznes-rspp.html>

17 Ibid.

18 Ibid.

19 Arsyuhin, Evgenii. 'Ukraina nastupila na VTO - Chlenstvo Rossii v etoi organizatsii mozhet byt' snova otsrocheno'. *Rossiiskaya Gazeta* # 4581 from 6 February 2008. Available from <http://www.rg.ru/2008/02/06/ukraina-vto.html>

20 Veletminskii, Igor. 'Gazo - provody - Energeticheskie otnosheniya mogut stat' kamnem pretkoveniya v peregovorah Ukrainy s Rossiei'. *Rossiiskaya Gazeta* # 4585 from 12 February 2008. Available from < <http://www.rg.ru/2008/02/12/gaz.html> >

21 *Rossiiskaya Gazeta* website news. 'Rossiya mozhet stat' polnocennym chlenom Vsemirnoi torgovoi organizatsii s yanvarya 2009 goda.' 11 March 2008. Available from <http://www.rg.ru/2008/03/11/vto-anons.html>

22 The 'Jackson-Vanik amendment' is contained in Title IV of the 1974 Trade Act and is named after its major co-sponsors, Sen. Henry "Scoop" Jackson and Rep. Charles Vanik. The amendment denies most favoured nation status to certain countries with non-market economies that restrict emigration, which is considered a human right

Russia's WTO accession under conditions that did not harm Russian national economic interests, and that Russia would expect the US to release Russia from the 'Jackson-Vanik amendment' during the current year, thereby allowing the countries to establish normal trade relations.<sup>23</sup>

The newly-elected Russian President Dmitry Medvedev stated at the beginning of his presidential term in April 2008, that Russia was ready to join the WTO in the current year (2008) but on conditions comparable with other countries (i.e., not to take on additional burdensome WTO-plus commitments).<sup>24</sup>

By the end of April 2008, Russia was left with only two partners with regard to the conclusion of the bilateral agreements - Saudi Arabia and Georgia. Georgia had signed a bilateral agreement with Russia in 2005, but one year later withdrew it. During April 2008 Georgia tried several times to block the negotiations on Russian accession, both at the bilateral as well as the multilateral level, trying to block the issuing of the new Working Party Report on Russia's accession. The issues of customs regulation of the Russian-Georgian border in Abkhazia and the South Ossetia were raised by the Georgian side (this was happening four months before the Russian-Georgian conflict in the South Ossetia).<sup>25</sup>

By 4 June 2008, Russia had completed the bilateral negotiations with Saudi Arabia. There were now only two countries left - Ukraine (which joined the Working Party on Russia in the second quarter of 2008) and Georgia. Due to historical circumstances, there is a certain amount of politics involved in Russia's relations with both countries. Thus Georgia continued to bring the issue of 'Russian help' to Abkhazia and South Ossetia to the table at the WTO accession negotiations. Russia maintained that the WTO should not cover those issues.<sup>26</sup>

At the new round (June 2008) of the Russian accession negotiations, Russian agricultural support became the central issue, with the Russian side trying to negotiate at the 9 billion US dollars annually level, and the partners insisting on 3 billion US dollars annually.

After the conclusion of the Geneva Ministerial Conference on 1 August 2008, which did not bring any significant results, and following the Russian-Georgian conflict over the South Ossetia (7-16 August 2008), the Russian authorities announced that Russia would withdraw from certain signed agreements in Russia's WTO accession process that harm the interests of the Russian Federation. That announcement was initially interpreted as being Russia's withdrawal from the accession negotiations altogether. The Russian First Vice-Prime Minister, Igor Shuvalov, however, clarified that Russia fully intended to continue the WTO accession negotiations, but that it

---

23 Rossiiskaya Gazeta website news. 'USA podderzhivayut Rossiiyu po voprosu o prisoedinenii ko Vsemirnoi trgovoi organizacii. Ob etom zayavil prezident SShA Dzhordzh Bush v Sochi na press-konferencii po itogam peregovorov s Prezidentom RF Vladimirom Putiny'm'. 7 April 2008. Available from <http://www.rg.ru/2008/04/07/wto-anons.html>

24 Rossiiskaya Gazeta website news. 'Dmitrii Medvedev: Rossiya gotova vstupit' vo Vsemirnuyu trgovuyu organizaciyu v nyneshnem godu'. 8 April 2008. Available from <http://www.rg.ru/2008/04/08/medvedev-vto-anons.html>

25 Kukol, Elena. 'Gruzija poshla v otkaz - I prervalo peregovory o vstuplenii Rossii v VTO'. *Rossiiskaya Gazeta* # 4651 from 30 April 2008. Available from <http://www.rg.ru/2008/04/30/russia-gruzia.html>

26 L'vov, Igor. 'Odin plus odin - Gruzija ostaetsya prep'yatstviem dlya Rossii pri vstuplenii v VTO, Ukraina mozhet im stat'. *Rossiiskaya Gazeta* # 4676 from 4 June 2008. Available from <http://www.rg.ru/2008/06/04/vto.html>

also intended to withdraw from certain signed WTO accession agreements and wished simply to inform partners about it.<sup>27</sup>

Following the conflict in South Ossetia, the Russian Government took a more realistic approach towards Russia's WTO accession. At a Cabinet Meeting, the Prime Minister Vladimir Putin stated that Russia had withdrawn from certain agreements with regard to the WTO accession because the Russian Federation had been executing the commitments while not benefiting from the WTO membership, and that the Russian economy carried a significant burden because of that. He stated that "we pay for the air but we were promised the WTO membership."<sup>28</sup> He also emphasized that Russia did not refrain from strategic movement towards the WTO accession, but that it was necessary to take into consideration the protection of domestic producers.<sup>29</sup> It is important to note that during the last 6 years of intensive negotiations, Russia has signed approximately 50 agreements on market access in goods and 20 in services.

High-ranking state officials pointed out that they did not envisage Russian accession to the WTO, either in several months or in several years. Igor Shuvalov also added that Russia, hoping for imminent accession, undertook certain very burdensome commitments for its economy, as the government had seen the coming conclusion of the accession negotiations, but that the deal had not worked out. Russia had not become a WTO member on the terms and conditions that were agreed with the partners, therefore it did not wish to carry out those commitments without a membership. This point became especially clear after the US Commerce Secretary Carlos Gutierrez stated that Russia would face problems in the WTO accession process with regard to the situation in the Caucasus Region in August 2008. Mr. Shuvalov stated that it was unfortunate for the Russian government, particularly after the US representative had stated several months earlier that the WTO accession was an economic issue and that politics should not interfere with it.<sup>30</sup>

The official media did not comment on which particular agreements were planned to be renegotiated, as it could compromise its current negotiating position. However, certain experts assumed these related to agriculture and some other industries. The Head of the Economic Policy Committee of the State Duma, Evgeny Fedorov, emphasised that the transfer of the terms and conditions of accession to the WTO could have been used for the restructuring of the economy and for the correction of laws.<sup>31</sup>

By October 2008, the global financial crisis had begun influencing the political and economic decisions of a number of countries. The Russian Chief Trade Negotiator stated that during the crisis it would be better for Russia to be in the WTO, as both history and practice shows that during a crisis, the country becomes a target if it is

---

27 *Rossiiskaya Gazeta* website news. 'Rossiya namerena uvedomit' ryad svoih partnerov po VTO o vyhode iz soglashenii, protivorechashih ee interesam'. 25 August 2008. Available from <http://www.rg.ru/2008/08/25/vto-anons.html>

28 Sidibe, Pierre. 'V VTO bez soglashenii - Rossiya vyhodit iz nekotorykh ekonomicheskikh dogovorennosti do momenta vstupleniya vo Vsemirnuyu torgovuyu organizaciyu'. *Rossiiskaya Gazeta* # 4736 from 26 August 2008. Available from <http://www.rg.ru/2008/08/26/vto.html>

29 Ibid.

30 Arsyuhin, Evgenii. 'Ne v to VTO'. *Rossiiskaya Gazeta* # 669 from 2 September 2008. Available from <http://www.rg.ru/2008/09/02/vto.html>

31 Kukol, Elena. 'Vystuplenie v VTO - Eksperty znayut, chem zapolnit' pauzu'. *Rossiiskaya Gazeta* # 4742 from 3 September 2008. Available from <http://www.rg.ru/2008/09/03/vto.html>

outside the WTO system and its exports can be heavily discriminated against.<sup>32</sup> The Minister of Foreign Affairs of the Russian Federation, Sergey Lavrov, in December 2008 expressed his opinion concerning the relation between the crisis and WTO accession, was that "the accession to the WTO remains one of Russia's foreign policy priorities. Although during the crisis it is better to be outside the WTO, we look to the future and understand our responsibility... We see the WTO accession as one of the necessary conditions for improving the goods structure of Russian exports... Russia will not fight for the WTO accession at any price. There is only one way of accession - on the standard conditions."<sup>33</sup>

By May 2009, Ukraine had expressed its support of Russia's accession process.<sup>34</sup> The new round of Russia's WTO accession started at the end of May 2009, after both the EU and the US expressed their willingness to continue negotiations on Russia's accession. However, by that time Russia had already taken the decision to foster regional integration in the form of the Customs Union with Kazakhstan and Belarus from 1 January 2010. Therefore, the rapid accession of one of those states would significantly complicate the creation of the regional agreement.<sup>35</sup>

It is not a secret that with each one new accession to the WTO the price of the membership of the club goes up. In the modern accession processes countries have to face more sophisticated enquiries from the WTO partners with regard to the scope and depth of the commitments, which very often go beyond the WTO format and are called "WTO+" commitments. Thus, Russia was not an exception from this 'new' unwritten rule. Moreover, the table of accession negotiations is sometimes laden with issues of no direct relevance to trade, or even economic policy. Russian accession to the WTO has been always a very political arrangement (some relevant examples were noted earlier).

Russia had to face certain WTO+ requirements, such as the regulation of price control in energy products and in railway transport transit fees, the functioning of state enterprises, export tariffs, some issues in TRIPS, SPS, TBT, import licensing and other issues. Some of those issues have been accepted by the Russian side, some have not. The hot topics of the accession were also agricultural subsidies and import quotas, as well as financial services. All in all, a number of issues were solved, but there remains some vagueness with certain partners. The global systemic crisis, changing as it did the value of the accession conditions, as well as a number of other factors, pushed the Russian Federation into making the announcement that can be interpreted as an emphasis of the Customs Union priority over the binding international multilateral rules on the current proposed conditions.

---

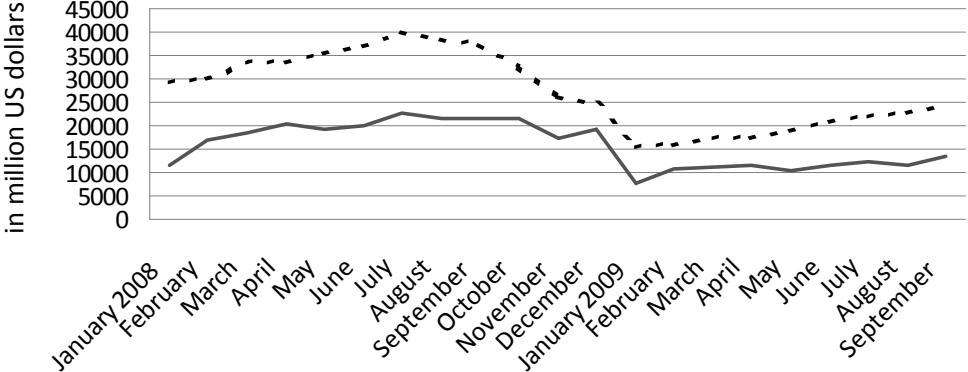
32 Kamzolova, Yulia. 'Dogovor s obratnoi siloi Rossiya nachala peresmotr torgovyh soglashenii'. *Rossiiskaya Gazeta* # 673 from 30 September 2008. Available from <http://www.rg.ru/2008/09/30/torgovlya.html>

33 *Rossiiskaya Gazeta* website news. 'MID: Rossiya prisoedinit'sya k VTO lish' na standartnyh usloviyah.' 10 December 2008. Available from <http://www.rg.ru/2008/12/10/mid-anons.html>

34 *Rossiiskaya Gazeta* website news. 'Yuliya Timoshenko poobeshala Rossii podderzhku pri vstuplenii v VTO'. 26 April 2009. Available from <http://www.rg.ru/2009/04/29/timoshenko-vto-anons.html>

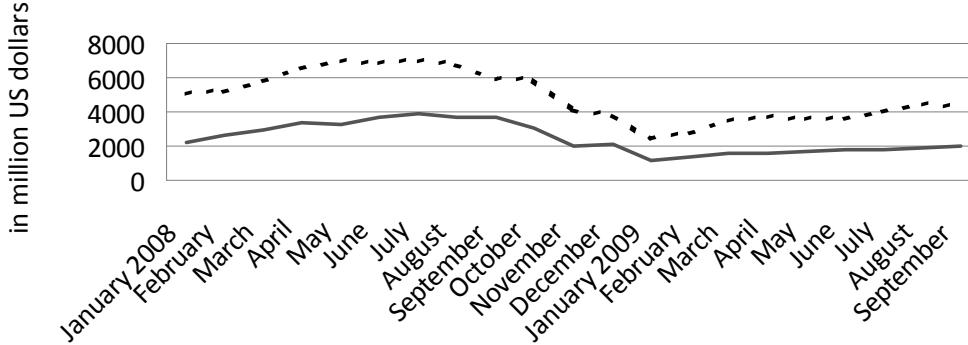
35 Tarasov, Vladimir. 'Pagubnaya toroplivost'. *Rossiiskaya Gazeta* # 703 (19) from 26 May 2009. Available from <http://www.rg.ru/2009/05/26/vto.html>

**Figure 2** The Russian trade with the Rest of the World in period January 2008 - September 2009 in million US dollars



Source: Calculated by author on the basis of the data provided by the Russian Federal Customs

**Figure 3** The Russian trade with the CIS countries in period January 2008 - September 2009 in million US dollars



Source: Calculated by author on the basis of the data provided by the Russian Federal Customs

The final stage of Russian accession has coincided with the toughest times in the world economy. (Please, refer to Figures 2 and 3 regarding the Russian export/import trade before and during the global systemic crisis.) The countries that are already WTO members have been regularly observed using protectionist policies to support their domestic producers and employment levels during the current systemic crisis.<sup>36</sup> One of the most valuable benefits of WTO membership is the predictability of the trade flows and guaranties of certain types of investments. However, countries seem to consider some protectionist policies as reasonable in this period of global systemic crisis.

<sup>36</sup> Please see the Global Trade Alert (GTA) database. Available from [www.globaltradealert.org](http://www.globaltradealert.org)

#### 4. Why a Customs Union?

Immediately following a meeting of the Board of the Customs Union and a meeting of the Interstate Committee of Eurasian Economic Community (EurAsEC) on 9 June 2009, Prime Minister Putin announced that Russia should stop its WTO accession process at the national level but continue in the format of a Customs Union with Belarus and Kazakhstan.<sup>37</sup>

It is worth noting that the process of integration, or at least the attempts towards integration, following the collapse of the Soviet Union, is not a new idea. In a speech in March 1994 at the Moscow State University, Mr. Nursultan Nazarbaev, President of the Republic of Kazakhstan, announced the need for further Eurasian integration in the form of the Eurasian Union. Since then there have been several attempts towards regional integration. For example, the Commonwealth of Independent States (CIS), created between 1991-1994, was constructed from the ruins of the USSR. However, this form of regional integration, having in theory significant economic potential, in practice poses many questions regarding its purpose and utility, in so far that it attempts to unite politically very different countries.

The next significant attempt towards integration was the Eurasian Economic Community (2000) - Belarus, Kazakhstan, Kirgizstan, Russia, Tajikistan and later Uzbekistan.<sup>38</sup> This was another format within which countries attempted to build a united economic space. It was created with the economy as its focus and, therefore, proved to be a somewhat more efficient design than the CIS format.<sup>39</sup> There have also been several attempts to bring to life the idea of the Customs Union (or the Eurasian Union that Mr. Nazarbaev was considering in 1994). Another attempt was the creation of a Common Economic Space among the Commonwealth of Independent States (CIS) countries including Russia, Ukraine, Belarus, and Kazakhstan, which was announced following the meeting in the Moscow suburb of Novo-Ogarevo on 23 February 2003.

Clearly therefore, the idea of a Customs Union (CU) was neither new, nor unexpected. In October 2007 the heads of states took the decision to create a Customs Union between Russia, Belarus, and Kazakhstan, and approved the 2008 - 2010 action plan for its creation. This would have alerted the international community to the obvious technical challenges faced by Russia in trying to implement two major commitments simultaneously - i.e., WTO accession and the formation of the Customs Union. Nevertheless, as of 1 January 2009, the supranational Commission of the Customs Union commenced its work.

The EurAsEC is considered by its partners as the start of a major success story of

---

<sup>37</sup> Later this announcement was corrected with regard to the format of accession, but as the state officials insist - the accession of all three countries is going to be coordinated. In October 2009, the state officials announced that the countries will join the WTO as separate entities but "coordinated, at the same time and on equal conditions", because "the accession of the Customs Union to the WTO as juridical entity which does not exist yet and with unclear perspectives for the other countries would be implemented in a more technically complicated way," ("Medvedkov: Raznoglasiy po taktike i strategii vstupleniya v VTO net" ("Vzglyad", 16.10.2009). Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25101](http://www.wto.ru/ru/news.asp?msg_id=25101))

<sup>38</sup> Armenia, Ukraine and Moldova are having an observer status at EurAsEC.

<sup>39</sup> The Collective Security Treaty Organization (CSTO) (1994) as well as The Shanghai Cooperation Organisation (SCO) (2001) are focused on security issues

post-Soviet integration. The Eurasian Economic Community (2000) brought significant improvements in economic performance for its members. Due to the creation of a free trade area the trade turnover increased fourfold from 29 billion US dollars in 2000 to 123 billion in 2008.<sup>40</sup> This performance reflects the significant potential of the relationship. The countries of EurAsEC have territory covering 20,789.5 thousands square km (94 % of the CIS territory), with a total population of 208 million people (73% of the CIS population). The GDP of the agreement members constitutes 88 percent of the CIS GDP.<sup>41</sup>

The newly formed Customs Union creates a market of 170 million people (142 million in Russia, 16 million in Kazakhstan and 10 million in Belarus). For the Russian producers the market will extend by 15 percent, while for Kazakhstan it will grow by 10.5 times. According to the plan, by July 2010, the customs administration and control will be abolished within the CU, which will lead to a significant increase in trade volume inside the CU. Thus, the elimination of the customs barriers inside the CU is expected to bring GDP growth of between 15-20 percent by 2015. According to the Russian Transport Ministry, annual losses of the Russian economy due to transport waiting at the borders of those countries are around 7-7.5 billion rubles (approximately 300 million US dollars).

The Director of the Trade Negotiations Department of the Ministry of Economic Development, Mr. Maxim Medvedkov, has emphasized that the decision to accede to the WTO, in the form of the Customs Union, was not a demarche or a political step, but simply a result of the WTO dragging out the process of Russian accession for too long, with the result that the Customs Union ripened faster. Indeed, the processes of the CU creation and the Russian accession to the WTO have been going on in parallel since around 1996.<sup>42</sup>

At the St. Petersburg International Economic Forum in 2009, Russian state officials confirmed Russia's intention to join the WTO. Mr. Igor Shuvalov (the First Vice-Prime-Minister in charge of the Russian Accession to the WTO) gave the following backstage interview to the second Federal Channel (to TV news programme "Vesti") on 6 June 2009. He stated that in his opinion the American partners were demonstrating good intentions, but not willingness for the real agreement, therefore the Customs Union from 1 January 2010 looked more realistic than the Russian accession to the WTO. This statement could be connected to Russia's decision to renegotiate terms of its accession accords. In another interview a day earlier, Mr. Shuvalov stated that the CIS was a very useful format for interaction and that during the current crisis period it would become even stronger.<sup>43</sup>

The exact legal form of accession of the Customs Union to the WTO is still not defined. The last version was that the countries of the Customs Union will accede

---

40 The Eurasian Economic Community (2009). Quick-Reference Guide. Secretariat of EurAsEC, Moscow, p. 4. Available from <http://www.evrazes.com/i/data/item7182-2.pdf>

41 The Eurasian Economic Community website. Questions and Answers (in Russian) Available from <http://www.evrazes.com/about/questionanswer>

42 Prime-Tass. Economic News Agency. Vstuplenie v VTO v sostave Tamozhennogo soyuza ne yavlyaetsya demarshem ili politicheskim shagom - M.Medvedkov. 16 June 2009

43 Kazakhstan Press Club. Virus H1N1 Strashnee Krizisa?!. 5 June 2009

individually but in a synchronised way.<sup>44</sup> On 19 November, President Dmitry Medvedev claimed Russia would use the shortest way possible to join the World Trade Organization (WTO). He said the form of accession was less important. "What is important for us is the speed: whichever way is the shortest, we will use that way. If it turns out to be the way of concerted but individual accession, we will choose that way," Medvedev said after a Russia-EU summit in November 2009.<sup>45</sup> The President also emphasised that he did not consider the decision on the CU as going against Russia's WTO accession and that both processes were equally important for Russia.<sup>46</sup>

The decision to join as a Customs Union, which became further modified into a decision to join in a 'coordinated way, at the same time and on equal conditions,' could possibly have the following policy considerations as its basis:

- The systemic economic crisis might open new opportunities and introduce new rules for world (economic) governance. The vagueness of the Doha Round and the current format of multilateral negotiations in general, would suggest more careful decision-taking process for the new incoming members. New conditions may require a different set of commitments (there may even be a new organisation). This might allow Russia to enter on improved "standard conditions" without additional burdensome WTO+ commitments or even on renegotiated conditions.
- Due to the fact that, according to the Global Trade Alert (GTA) analysis, there is a significant amount of protectionism being implemented, even among the WTO members that have committed themselves to trade liberalisation and non-protectionism, the Russian decision in favour of the CU at this period of world history would provide the country with a wider policy space with respect to emergency measures it could undertake in order to control the economic performance of the Russian Federation during the crisis. It is important to note that the introduction of the new Russian Trade Strategy 2010 - 2012, which emphasises an active use of tariff policies for economic stabilisation during the crisis, coincided with the Russian decision to join the WTO in the form of Customs Union (9 - 11 June 2009)!
- Three markets (rather than one) increase the negotiating power of the Russian Federation on the formation of further accession terms and conditions.
- The Customs Union would bring economic benefits of increased trade and improved economic performance within the CU, which has been discussed earlier in this paper.
- This triple WTO accession (technically as separate countries but 'in coordination with each other') would allow Belarus and Kazakhstan to join the WTO without taking additional extended commitments that might occur with countries that join later. (Please refer to Table 2 for the export structure of the countries of the Customs Union). According to the Russian Chief Trade Negotiator, Mr. Medvedkov, Russia has passed approximately 95% of the way to the WTO,

---

44 Vedomosti. 'Moskva ob'yasnila ES pozitsiyu po VTO'. 18 November 2009. Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25276](http://www.wto.ru/ru/news.asp?msg_id=25276)

45 Itar -Tass. 'Prezident RF Dmitrii Medvedev uveren, chto Rossiya poidet v VTO po kratchaishemu puti'. 18 November 2009. Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25284](http://www.wto.ru/ru/news.asp?msg_id=25284)

46 Prime -Tass. 'Medvedev ne schitaet, chto dogovorennosti o sozdanii Tamozhennogo soyuza protivorechat planam po vstupleniyu Rossii v VTO'. 23 November 2009. Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25312](http://www.wto.ru/ru/news.asp?msg_id=25312)

**Table 2** The Sector Structure of exports (more than 1% of the total export value) of the Russian Federation, Kazakhstan and Belarus in 2008 in million US dollars

	Sector HS #	Sector	Export Trade Value	Percentage of Total Export Value
<b>Russian Federation</b>				
	HS-TOTAL	ALL COMMODITIES	467994,0	100
	1HS-27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	307371,5	65,7
	2HS-99	Commodities not specified according to kind	34902,5	7,5
	3HS-72	Iron and steel	28602,7	6,1
	4HS-31	Fertilisers	11832,4	2,5
	5HS-76	Aluminum and articles thereof	8653,4	1,8
	6HS-44	Wood and articles of wood; wood charcoal	7785,9	1,7
	7HS-84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	7151,3	1,5
	8HS-75	Nickel and articles thereof	5189,2	1,1
	9HS-71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	4569,0	1,0
	10HS-74	Copper and articles thereof	4117,0	0,9
<b>Kazakhstan</b>				
	HS-TOTAL	ALL COMMODITIES	71172,0	100
	1HS-27	Mineral fuels, mineral oils and products of their distillation	48910,9	68,7
	2HS-72	Iron and steel	6271,9	8,8
	3HS-74	Copper and articles thereof	2906,2	4,1
	4HS-26	Ores, slag and ash	2412,3	3,4
	5HS-28	Inorganic chemicals	2261,9	3,2
	6HS-10	Cereals	1633,8	2,3
	7HS-71	Natural or cultured pearls, precious or semi-precious stones	877,7	1,2
	8HS-11	Products of the milling industry; malt; starches; inulin	875,7	1,2
	9HS-88	Aircraft, spacecraft, and parts thereof	704,0	1,0
	10HS-25	Salt; sulfur; earths and stone; plastering materials	664,1	0,9

**Table 2** The Sector Structure of exports (more than 1% of the total export value) of the Russian Federation, Kazakhstan and Belarus in 2008 in million US dollars (contd.)

Belarus	HS-TOTAL	ALL COMMODITIES	32902,1587	100
		Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	12336,8586	37,5
	1HS-27	Fertilisers	3599,7553	10,9
	2HS-31	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	3192,2202	9,7
	3HS-87	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1849,1355	5,6
	4HS-84	Iron and steel	1475,7459	4,5
	5HS-72	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1141,4723	3,5
	6HS-04	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	818,4933	2,5
	7HS-85	Articles of iron or steel	811,9358	2,5
	8HS-73	Plastics and articles thereof	654,1822	2,0
	9HS-39	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings	553,9365	1,7
	10HS-94	Rubber and articles thereof	548,565	1,7
	11HS-40	Wood and articles of wood; wood charcoal	491,1169	1,5
	12HS-44	Miscellaneous chemical products	404,5354	1,2
	13HS-38	Meat and edible meat offal	353,293	1,1
	14HS-02	Articles of apparel and clothing accessories, not knitted or crocheted	319,7619	1,0
	15HS-62			

Source: calculated by author on the basis of the data provided by UN Comtrade database

Kazakhstan 70%, and Belarus only 50%.<sup>47</sup> It is worth emphasising that Russian and Kazakh exports have a similar export structure, whereby a large share (more than 60%) belongs to mineral fuels exports. The Belorussian exports are more diversified, as one can observe, but the Belorussian economy has a significant preference from the Russian partners in terms of natural resources' prices it imports from Russia. Moreover, for a country such as Belarus, which raises a lot of questions amongst its European Partners, the accession on equal terms with the Russian Federation would allow it to benefit from the WTO system whilst avoiding additional discussions of Belorussian internal politics.

- The creation of a Customs Union between Russia, Belarus and Kazakhstan (and recently Kirgizstan has expressed willingness to join the CU)<sup>48</sup> has the potential for more than just economic integration. In this respect there is cooperation occurring at the political-parties level between Russia and Kazakhstan, which might even develop into closer integration. Moreover, in June 2009 the member countries of the EurAsEC founded the Anti-crisis Foundation, consisting of 10 billion US dollars, as an instrument for the stabilization and financial support of the EurAsEC countries that are currently in difficulty (US\$7.5 billion comes from Russia, US\$1 billion from Kazakhstan, US\$10 million from Belarus, and US\$1 million from other parties). The Foundation will add to the activities of the Eurasian Development Bank, which was founded by Russia and Kazakhstan in 2006 with the charter capital of US\$1.5 billion. The voting power in the new Foundation is distributed according to the level of contributions. Thus, countries such as Armenia and Kirgizstan have already announced their willingness to use this opportunity.
- Another important point to consider is the time and opportunity for Russia to develop certain industries - import substitution for the short term and export promotion strategy for the longer term, that are reflected in various strategies and concepts listed in Table 1.

However, there are also certain drawbacks. Investors do not welcome the uncertainty that could lead to the further outflow of foreign capital. The trust of Russia's international partners for its WTO accession could now be shaken. Whilst it can be calculated how much additional prosperity the CU could potentially bring, it is nevertheless important to consider the lost opportunities that would result as a consequence of being a non-Member of the WTO. It is indeed very difficult to estimate this, especially during the current crisis, at the end of which the world could be quite different.

With the creation of the Customs Union certain other issues are becoming central. The synchronization of two simultaneous processes, i.e., individual WTO accession commitments of the members of the CU (which had already in large part been negotiated during previous years, and can be different for each of the three countries involved) and the commitments under the common external tariff of the Customs Union's members, is a significant problem. Indeed, the synchronization itself could become a stumbling block to the realization of the CU's WTO accession (or individ-

---

47 Prime-Tass Economic News Agency. 'Vstuplenie v VTO v sostave Tamozhennogo soyuza ne yavlyaetsya demarshem ili politicheskim shagom' - M.Medvedkov. 16 June 2009

48 Russia and WTO - Information Bureau on the Russian Accession to the WTO. Kirgiziya gotova vstupit' v Tamozhennyi soyuz - Bakiev ("RIA Novosti", 27.11.2009). Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25334](http://www.wto.ru/ru/news.asp?msg_id=25334)

ual accessions on equal terms and conditions). Another issue is the technical functioning of the CU and the sovereignty of the members over their trade and other policies. The challenge will be in defining the institutional design of the CU in such a way that it has no unregulated 'holes'. It could take some time before it actually starts functioning in a reasonable manner that would fully benefit its members.

## 5. Industrial policies and regional integration vs. binding international rules?

Following the historical failure of a 'planned economy' as a way of managing the economy of a state, the Government of the Russian Federation initially became cautious about any kind of planning, which it turns out was equally inappropriate. A strategy that provides goals and objectives and an appropriate method of identifying the means to execute the plan, is a necessary tool for any government involved in the design and implementation of public policy. For the first time in post-Soviet Russian history the country has a clear opportunity to plan constructively for the long term, as there is now an appropriate foundation for that. The socio-economic, and particularly industrial, development of Russia has now become a key issue and central to a range of programmes. Russia has chosen the **year 2020** as its reference year.

At the beginning of the global financial crisis the Russian government introduced "The Concept of Long-Term Socio-Economic Development of the Russian Federation up to the year 2020", (hereafter referred to as 'the Concept'). This approach was approved by Government Decree # 1662-p on **17 November 2008**, but had started being developed two years earlier in 2006. The Russian Minister of Economic Development, in her speech from **15 October 2008**, emphasized that it was the first time the Russian Federation had prepared a long-term strategy for the country's development. The last attempt was made in 2000 and was supposed to cover 10 years, but in reality lasted 4 years. The new strategy is for a 12 year - period. In the section of her speech on external economic policies, certain initiatives were highlighted as being priority directions, notably the interstate cooperation within the CIS, the EurAsEC, the Shanghai Cooperation Organisation, and the Union State of Russia and Belarus. The issue of the WTO was not even mentioned, whilst cooperation with India and China, the importance of the export diversification, as well as support of export of the high processed products and services, were.<sup>49</sup>

The text of the Concept states that "for Russia, the transformation of the world economy (i.e., the global crisis) creates new opportunities for the development of external economic integration, for strengthening and widening the Russian position in world markets, as well as for the import of technologies and capital."<sup>50</sup> The Concept adds that Russia will strengthen its leadership in integration processes in Eurasia.<sup>51</sup>

---

49 The Speech of the Minister of Economic Development (Mrs. Nabiullina) to the Council of Federation of the Federal Assembly of the Russian Federation on 15 October 2008. Available from <http://www.economy.gov.ru/wps/wcm/myconnect/economylib/mert/welcome/pressservice/eventschronicle/doc1217949648141>

50 "The Concept of Long Term Social-Economic Development of the Russian Federation for period until the year 2020." The Decree of the Russian Government from 17 November 2008 # 1662 - p, p.5

51 *Ibid.*, p.9

The Concept consists of 2 main stages: (i) the consolidation of competitive advantage (2009-2012) in "traditional sectors"; adaptation to the crisis processes in the world economy; preparation of the ground for further innovative development; investments in people capital and infrastructure; and (ii) "innovation breakthrough" (2013 - 2020) - the increase of competitiveness based on the technological base; structural diversification of the economy and the conclusion of infrastructure sectors modernization; 'softening' social and regional diversification.

The document lists several high-tech industries where Russia has significant competitive advantage or seeks to build over the medium term. These are the aircraft industry and propulsion engineering, spacecraft and rocket industry, radio electronics industry, nuclear energy-industrial complex, as well as the info-communication technologies.

Establishing the appropriate goals and objectives for the Concept will account for only 50 percent of its success; the remaining 50 percent will be achieved through the competent estimation and allocation of resources, combined with the efficient coordination of the work of the different agents responsible for its planning and implementation. It was particularly in these areas that the Concept was criticized during its development and subsequent amendments.

Another document, also approved on 17 November 2008, "The Main Directions of the Activity of the Government of Russia up to 2020" introduces seven priority directions for Russian external economic policy. The fifth point is an integration of the Eurasian Economic space. The seventh, the last point, was the WTO accession - "the objectives of Russian accession to the WTO and OECD are still valid but on the terms of Russian economic interests."<sup>52</sup>

"The Strategy of Russian National Security up to the year 2020" (Decree of the President of the Russian Federation # 537 from **12 May 2009**) identifies import substitution and government support of the real sector of the economy (through active state anti-inflation, currency, money and tax-budget policies) as strengthening the national economic security of the Russian Federation.

Subsequently, at the Russian Cabinet meeting on **11 June 2009** (two days after the CU announcement by Putin), the Minister of Economic Development, Mrs. Elvira Nabiullina, introduced a new trade policy strategy for Russia. She presented a document titled "The Project of Main Directions of Customs Tariff Policy for the year 2010 and for the period 2011-2012", which was developed jointly by the Ministry of Economic Development, the Ministry of Finance, and the Federal Customs Services of the Russian Federation. This strategy takes into account the main points of other major statements of Russian state policy, namely, "The Concept of Long-Term Social-Economic Development of the Russian Federation up to 2020", "The Main Directions of the Activity of the Government of Russia up to 2020" and "The Main Directions of External Economic Policy of the Russian Federation up to 2020." This new perspective on the Russian trade policy also refers to the goal of creating a Customs Union of Belarus, Kazakhstan and Russia.<sup>53</sup> The strategy essentially demonstrates that Russia

---

52 "The Main Directions of the Activity of the Government of Russia until 2020", the Decree of the Russian Government from 17 November 2008 # 1663-p with amendments from 8 August 2009

53 Global Trade Alert (2009). Available from <http://globaltradealert.org/measure/russia-announcement-new-trade-strategy-2010-2012>

is ready to actively use the instruments of tariff policies during times of crisis in order to support domestic industries - which actually does not fit too well with Russian intentions to join the WTO, and may also indicate the willingness of the government to prioritize industrial policies over the WTO accession process, at least until the end of the hard phase of the global economic crisis.

Two stages are planned for Russian customs tariff policy. The first stage (lasting until the end of the year 2010) is characterized as "softening the crisis" phase. In this stage "the customs tariff policy is a part of anti-crisis economic policy. Thus, the implementation of the customs tariff measures will be directed towards the balanced protection of the interests of the state budget, domestic producers and consumers." At this stage, the most important objectives are (i) the protection of the internal market and support of the development of import substitution industries, whilst at the same time support of an effective competition environment; (ii) support and stimulation of exports; (iii) strengthening the fiscal effect of customs-tariff regulation. The import substitution policy together with support of an effective competition environment is indeed a very challenging policy mix!

The second stage - 2011-2012 years - is characterized by the stabilization of the Russian economy and the move towards sustainable development. The main objectives of that period will be the restoration of the balance between protectionism and the regulatory functions of the customs tariff policy, as well as the formation of the potential for a sustainable, post-crisis economic development. Here such goals as the increase of export potential, export diversification, as well as the support of export with instruments of customs-tariff policies are also stated.

The Anti-Crisis Programme of the Russian Government (developed in March 2009) and approved on **19 June 2009**, introduces systemic measures to support the real sector as well as to support particular sectors such as agriculture, the car industry, defense industry, transport sector, forestry, and the metallurgical sector, during the crisis. The agriculture, construction, food and textile industries, the pharmaceutical industry and the car industry are considered by the Government as prospective targets in terms of import substitution and domestic demand. With regard to import substitution, at the Cabinet meeting on 5 November 2009, the Minister of Industry and Trade introduced a report on the implementation of anti-crisis measures in the most promising industries from the import substitution point of view - these were the car industry, forestry, and the textile and pharmaceutical industries.<sup>54</sup> These programmes have been implemented over the period since 2007. The strategy for the development of the pharmaceutical industry was introduced very recently on **23 October 2009**, for the period up to 2020. (Please see Table 3 for the structure of the Russian imports).

President Medvedev has identified a list of 5 priorities for the modernisation of Russia during his speech to the Federal Assembly of the Russian Federation on **12 November 2009**. These are medical technologies, increased energy efficiency, nuclear technologies, telecommunications and space industries, as well as information technologies and software.<sup>55</sup> He said: "The prestige of the Motherland and national wel-

---

54 Notes to the Cabinet Meeting of the Russian Government on 5 November 2009. Available from <http://www.government.ru/content/governmentactivity/rfgovernmentsession/2009/zas051109/materials/7592127.htm>

55 'Pyat' prioritetov modernizatsii - Opredeleny napravleniya razvitiya ekonomiki.' Rossiiskaya Gazeta # 5043 (219) from 19 November 2009. Available from <http://www.rg.ru/2009/11/19/npravlenie.html>

**Table 3** Russian Import Sectors (1% of the import value and more) in 2008 in million US dollars

Sector HS #	Sector	Import Trade Value	Percentage of Total Import Value
HS-TOTAL	All Commodities	267051,2	100
HS-87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	48072,2	18,0
HS-84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	45942,3	17,2
HS-85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	28079,1	10,5
HS-99	Commodities not specified according to kind	12898,1	4,8
HS-30	Pharmaceutical products	9047,1	3,4
HS-39	Plastics and articles thereof	8478,7	3,2
HS-90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	7971,3	3,0
HS-02	Meat and edible meat offal	7194,8	2,7
HS-72	Iron and steel	6372,1	2,4
HS-73	Articles of iron or steel	6207,7	2,3
HS-08	Edible fruit and nuts; peel of citrus fruit or melons	4462,7	1,7
HS-27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	4080,4	1,5
HS-48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	3879,9	1,5
HS-28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	3298,3	1,2
HS-33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	3022,8	1,1
HS-94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings	3009,7	1,1
HS-64	Footwear, gaiters and the like; parts of such articles	2954,2	1,1
HS-22	Beverages, spirits and vinegar	2610,0	1,0
HS-40	Rubber and articles thereof	2595,2	1,0

Source: Calculated by author on the basis of the data provided by UN Comtrade database

fare cannot be constantly defined by the achievements of the past. The industrial complexes for oil and gas refineries, which provide the main part of our budget income, nuclear weapons, which provide our security, industrial and communicational infrastructure - all of it was developed mostly by the Soviet specialists, in other words, *not by us*. Those achievements still support our country but the technologies are getting old. It is the right time for modern Russian generations to lift Russia to a new and higher level of development."<sup>56</sup>

As can be seen from the Global Trade Alert database, the Russian Government has already initiated the financial and tariff policy support of certain industries, such as the car industry, aircraft industry, shipbuilding industry, agriculture and agricultural machineries industry, military machineries industry, nanotechnologies and others.<sup>57</sup>

The Russian Government sees 2020 as a turning point in Russian history in terms of the country taking a position of economic leadership in the world.<sup>58</sup> However, in order to reach this point a whole range of social issues will need to be tackled in an appropriate way - including health, education reform, birth policy, effective anti-corruption policies, ethnic and religion dialogue issues, control over crime, as well as the stabilisation of the society as a whole. Thus, the 2020 point is a first long-term landmark.

## 6. Conclusion

"A crisis is an *opportunity* riding the dangerous wind", says the Chinese Proverb. The global systemic crisis changes the shape and the economic and political balances in the modern world. Multilateral trade rules might also take another shape. Therefore, these changes can bring some additional opportunities to Russia and its Eurasian partners which they might want to use.

Following the collapse of the Soviet system, Russia had to go through significant difficulties, but by now it has built a relatively stable social platform for further improvement. It has finally identified its strategic priorities, interests and goals for its socio-economic development. With regard to the WTO one point becomes clear - Russia wants to join the WTO with reasonable and adequate conditions that comply with Russia's current economic/political interests. This is, indeed, an unusual request-taking into account that the price of WTO accession tends to go up with every acceding member. Whether the international partners would accept Russia's demands here, and when, are indeed open questions.

The Russian decision to form the Customs Union cannot be considered unexpected, as the idea has been developing in parallel with the Russian WTO accession process, as was described in this paper. But, due to the crisis, the politicization of Russia's WTO accession process, as well as some other issues that have been discussed

---

56 The Speech of the Russian President Dmitry Medvedev to the Federal Parliament. Poslanie prezidenta RF Dmitriya Medvedeva Federal'nomu Sobraniyu Rossiiskoi Federacii. Rossiiskaya Gazeta # 5038 (214) from 13 November 2009. Available from <http://www.rg.ru/2009/11/13/poslanie-tekst.html>

57 GTA (2009). Available from [http://www.globaltradealert.org/measure?tid=All&tid\\_1=444&tid\\_3=2209](http://www.globaltradealert.org/measure?tid=All&tid_1=444&tid_3=2209)

58 The Presentation of the Minister of Economic Development Mrs. Elvira Nabiullina, "Russia-2020: the Concept of Economic Leadership," Moscow, 1 October 2008. Available in Russian from <http://www.youngscience.ru/753/820/978/index.shtml>

in this paper, the Eurasian integration process emerges as a priority during this period. The Customs Union integration does indeed bring some benefits, such as increased trade flows inside the CU, increased negotiating power at the multilateral level, and others. But it also causes certain difficulties with regard to the institutional shape of the new integration, and connected to it problems such as the delegation of state sovereignty. Another problem is the wise synchronization of the Customs Union common external tariff with the individual WTO accession commitments that have already been negotiated. It is also difficult to calculate the lost opportunities from being a non-WTO member, especially during the current crisis (if indeed there are some).

The content of the economic programmes (the Long-Term Concept of Socio-Economic Development, the Anti-Crisis Programme, the Russian Trade Strategy, and others) gives the impression that the Russian Government does not seem to see the WTO accession as an urgent issue at any price. On the contrary, the choice in favour of the Customs Union and Eurasian integration in general (and through this - in favour of industrial development) is designed to provide an opportunity for further export diversification and modernization, through the mix of different policies at different stages, such as import substitution, export support, as well as even unilateral liberalization. This might allow domestic industries some time to adjust to the new world economic picture, to diversify exports into the highly processed, high-tech and 'new' products, and finally allow the Russian agricultural sector to demonstrate its potential. Whether this choice is the right one and whether Russia can achieve its announced 'modernization' via this route, only history will show us.

While it is too soon to say that Russia's new commercial policies are likely to work one can, however, state that the change in strategy with regard to the Customs Union was predictable. What made it so was the combination of the Russia's acceptance of need for socio-economic modernisation and development, the politicisation of Russia's WTO accession process, which delayed the desired outcome, as well as the global economic downturn which opened new opportunities.

## References

- Arsyuhin, Evgenii. Vsemirnoe Torgovoe Otkrovenie - Rossiiskomu biznesu v poslednii raz raskryli blaga VTO. Rossiiskaya Gazeta # 641 from 19 February 2009. Available from <http://www.rg.ru/2008/02/19/vto-doklad.html>
- Arsyuhin, Evgenii. Ruka utopayushogo - Biznesu predlozhili zaplatit' za zashitu ot VTO. Rossiiskaya Gazeta # 4534 from 4 December 2007. Available from <http://www.rg.ru/2007/12/04/vto.html>
- Arsyuhin, Evgenii. Ukraina nastupila na VTO - Chlenstvo Rossii v etoi organizacii mozhet byt' snova otsrocheno. Rossiiskaya Gazeta # 4581 from 6 February 2008. Available from <http://www.rg.ru/2008/02/06/ukraina-vto.html>
- Arsyuhin, Evgenii. Ne v to VTO. Rossiiskaya Gazeta # 669 from 2 September 2008. Available from <http://www.rg.ru/2008/09/02/vto.html>
- Kukol, Elena. Medvedkov prognozov ne menyaet - Rossii ostalos' zavershit' peregovory o prisoedinenii k VTO s Saudovskoi Araviei i Gruziei. Rossiiskaya Gazeta # 4492 from 13 October 2009. Available from

- <http://www.rg.ru/2007/10/13/vto.html>
- Kukul, Elena. V minuse - 22 regiona - Schetnaya palata podschitaet effekt ot vstupleniya v VTO. Rossiiskaya Gazeta # 4507 from 1 November 2007. Available from <http://www.rg.ru/2007/11/01/vto.html>
- Kukul, Elena. Proryv na Zapad - Aleksandr Shohin predlozhlil sozdat' agentstvo po prodvizheniyu rossiiskih investicii za rubezhom. Rossiiskaya Gazeta # 4581 from 6 February 2008. Available from <http://www.rg.ru/2008/02/06/biznes-rspp.html>
- Kukul, Elena. Gruzija poshla v otkaz - I prervalo peregovory o vstuplenii Rossii v VTO. Rossiiskaya Gazeta # 4651 from 30 April 2008. Available from <http://www.rg.ru/2008/04/30/russia-gruzia.html>
- Kukul, Elena. Vystuplenie v VTO - Eksperty znayut, chem zapolnit' pauzu. Rossiiskaya Gazeta # 4742 from 3 September 2008. Available from <http://www.rg.ru/2008/09/03/vto.html>
- Kamzolova, Yulia. Dogovor s obratnoi siloi Rossiya nachala peresmotr torgovyh soglashenii. Rossiiskaya Gazeta # 673 from 30 September 2008. Available from <http://www.rg.ru/2008/09/30/torgovlya.html>
- L'vov, Igor. Odin plus odin - Gruzija ostaetsya prep'yatstviem dlya Rossii pri vstuplenii v VTO, Ukraina mozhet im stat'. Rossiiskaya Gazeta # 4676 from 4 June 2008. Available from <http://www.rg.ru/2008/06/04/vto.html>
- Sidibe, Pierre. V VTO bez soglashenii - Rossiya vyhodit iz nekotoryh ekonomicheskikh dogovorennoستي do momenta vstupleniya vo Vsemirnyuyu torgovuyu organizaciyu.
- Semenov, Aleksei. 'Nabiullina: Peregovory o vstuplenii Rossii v VTO zavershatsya k koncu goda' Rossiiskaya Gazeta, 4 June 2009. Available from <http://www.rg.ru/2009/06/04/reg-szapad/vto-russia-anons.html>
- Srokina, Nadezhda. "Lichnaya himiya" politikov - Sergei Yastrzhemskii rasskazal chitatel'nyam "RG" podrobnosti poslednego sammita Rossiya-ES. Rossiiskaya Gazeta # 4510 from 6 November 2007. Available from <http://www.rg.ru/2007/11/06/politiki.html>
- Tarasov, Vladimir. Pagubnaya toroplivost'. Rossiiskaya Gazeta # 703 (19) from 26 May 2009. Available from <http://www.rg.ru/2009/05/26/vto.html>
- Veletninskii, Igor. Gazo - provody - Energeticheskie otnosheniya mogut stat' kamnem pretknoveniya v peregovorah Ukrainy s Rossiei. Rossiiskaya Gazeta # 4585 from 12 February 2008. Available from <http://www.rg.ru/2008/02/12/gaz.html>
- Veletninskii, Igor. Ili horosho, ili nichego - Maksim Medvedkov ne nashel negativnykh posledstviy vstupleniya Rossii v VTO. Video by Evgenii Arsyuhin. Available from <http://www.rg.ru/2008/02/14/vto-medvedkov.html>
- Rossiiskaya Gazeta website news. Rossiya mozhet stat' polnocennym chlenom Vsemirnoi torgovoi organizacii s yanvarya 2009 goda. 11 March 2008. Available from <http://www.rg.ru/2008/03/11/vto-anons.html>
- Rossiiskaya Gazeta website news. USA podderzhivayut Rossiyu po voprosu o prisoedinenii ko Vsemirnoi torgovoi organizacii. Ob etom zayavil prezident SShA Dzhordzh Bush v Sochi na press-konferencii po itogam peregovorov s Prezidentom RF Vladimirom Putinyem. 7 April 2008. Available from <http://www.rg.ru/2008/04/07/wto-anons.html>
- Rossiiskaya Gazeta website news. Dmitrii Medvedev: Rossiya gotova vstupit' vo Vsemirnyuyu torgovuyu organizaciyu v nyneshnem godu. 8 April 2008. Available

- from <http://www.rg.ru/2008/04/08/medvedev-vto-anons.html>
- Rossiiskaya Gazeta website news. Rossiya namerena uvedomit' ryad svoih partnerov po VTO o vyhode iz soglashenii, protivorechashih ee interesam. 25 August 2008. Available from <http://www.rg.ru/2008/08/25/vto-anons.html>
- Rossiiskaya Gazeta # 4736 from 26 August 2008. Available from <http://www.rg.ru/2008/08/26/vto.html>
- Rossiiskaya Gazeta website news. MID: Rossiya prisodinit'sya k VTO lish' na standartnyh usloviyah. 10 December 2008. Available from <http://www.rg.ru/2008/12/10/mid-anons.html>
- Rossiiskaya Gazeta website news. Pyat' prioritetov modernizatsii - Opredeleny napravleniya razvitiya ekonomiki. Rossiiskaya Gazeta # 5043 (219) from 19 November 2009. Available from <http://www.rg.ru/2009/11/19/napravlenie.html>
- Rossiiskaya Gazeta website news. Yuliya Timoshenko poobeshala Rossii podderzhku pri vstuplenii v VTO. 26 April 2009. Available from <http://www.rg.ru/2009/04/29/timoshenko-vto-anons.html>
- Interview with Mr. Igor Shuvalov can be watched in Russian from here <http://www.vesti.ru/videos?vid=221108>
- ITAR-TASS. Prezident RF Dmitrii Medvedev uveren, chto Rossiya poidet v VTO po kratchaishemu puti. 18 November 2009. Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25284](http://www.wto.ru/ru/news.asp?msg_id=25284)
- Kazakhstan Press Club. Virus H1N1 Strashnee Krizisa?!. 5 June 2009.
- Prime-Tass Economic News Agency. Vstuplenie v VTO v sostave Tamozhennogo soyuza ne yavlyaetsya demarshem ili politicheskim shagom - M.Medvedkov. 16 June 2009.
- Prime-Tass. Medvedev ne schitaet, chto dogovorennosti o sozdanii Tamozhennogo soyuza protivorechat planam po vstupleniyu Rossii v VTO. 23 November 2009. Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25312](http://www.wto.ru/ru/news.asp?msg_id=25312)
- RIA Novosti. Russia and WTO - Information Bureau on the Russian Accession to the WTO. Kirgiziya gotova vstupit' v Tamozhennyi soyuz - Bakiev, 27 November 2009. Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25334](http://www.wto.ru/ru/news.asp?msg_id=25334)
- Russian Financial Control Monitor, FC - Novosti. Russian producers suffer losses of \$ 2bn from other countries' restrictions. 27 July 2009.
- Russia and WTO - Information Bureau. 'On the Current State of Russia's WTO Accession negotiations' prepared by the Trade Negotiations Department of the Ministry of Economic Development in December 2008. Available from <http://www.wto.ru/russia.asp?f=delat&t=11>
- The Eurasian Economic Community (2009). Quick-Reference Guide. Secretariat of EurAsEC, Moscow. Available from <http://www.evrazes.com/i/data/item7182-2.pdf>
- The Eurasian Economic Community website. Questions and Answers (in Russian). Available from <http://www.evrazes.com/about/questionanswer>
- Vedomosti. Moskva ob'yasnila ES pozitsiyu po VTO. 18 November 2009. Available from [http://www.wto.ru/ru/news.asp?msg\\_id=25276](http://www.wto.ru/ru/news.asp?msg_id=25276)
- The Presentation of the Minister of Economic Development Mrs. Elvira Nabiullina, "Russia-2020: the Concept of Economic Leadership," Moscow, 1 October 2008. Available in Russian from <http://www.youngscience.ru/753/820/978/index.shtml>
- The Speech of the Minister of Economic Development (Mrs. Elvira Nabiullina) to the Council of Federation of the Federal Assembly of the Russian Federation on 15

- October 2008. Available from <http://www.economy.gov.ru/wps/wcm/myconnect/economylib/mert/welcome/pressservice/eventschronicle/doc1217949648141>
- Notes to the Cabinet Meeting of the Russian Government on 5 November 2009. Available from <http://www.government.ru/content/governmentactivity/rfgovernmentssession/2009/zas051109/materials/7592127.htm>
- "The Strategy of Economic Development of the Commonwealth of Independent States (CIS) until 2020," 14 November 2008
- "The Concept of the Long-Term Economic Development of the Russian Federation for period until 2020." (Decree of the Russian Government from 17 November 2008 # 1662-p)
- "The Main Directions of the Activity of the Government of Russia until 2020." (Decree of the Government from 17 November 2008 #1663-p)
- "The Main Directions of External Economic Policy of the Russian Federation until 2020", November 2008
- "The Strategy of the Russian National Security until 2020." (The Decree of the President of the Russian Federation # 537 from 12 May 2009)
- "The Main Directions of Customs Tariff Policy for the year 2010 and for the period 2011-2012." Presented by the Minister of Economic Development, Mrs. Elvira Nabiullina at the Russian Cabinet meeting on 11 June 2009
- "The Programme of the Anti-Crisis measures of the Russian Government for 2009," 19 June 2009
- The Speech of the Russian President Dmitriy Medvedev to the Federal Assembly. Poslanie prezidenta RF Dmitriya Medvedeva Federal'nomu Sobraniyu Rossiiskoi Federacii. Rossiiskaya Gazeta # 5038 (214) from 13 November 2009. Available from <http://www.rg.ru/2009/11/13/poslanie-tekst.html>
- Global Trade Alert (GTA) database. Available from [www.globaltradealert.org](http://www.globaltradealert.org)
- Ministry of Economic Development of the Russian Federation, website. Available from <http://www.economy.gov.ru>
- Ministry of Industry and Trade of the Russian Federation, website. Available from <http://www.minprom.gov.ru/>
- Rossiiskaya Gazeta. Available from <http://www.rg.ru>
- Russia and WTO - Information Bureau on the Russian Accession to the WTO. Available from <http://www.wto.ru>
- Russian Federal Customs website. Available from <http://www.customs.ru>
- Russian Union of Industrialists and Entrepreneurs' web page on the Russia's WTO Accession. Available from <http://www.rgwto.com/>
- The Government of the Russian Federation website. Available from <http://www.government.ru>
- The Russian Priority National Projects website. Available from <http://www.rost.ru>
- UN Comtrade database. Available from <http://comtrade.un.org>
- World Development Indicators (WDI) online database. Available from <http://publications.worldbank.org/WDI/>

**Darya Gerasimenko** is a Ph.D. candidate and Research Assistant to Prof. Simon Evenett at the Swiss Institute for International Economics at the University of St. Gallen. She is a graduate from the MILE programme (summa cum laude) at the World Trade Institute in Bern (WTI). She has working experience with the Trade in Services Section of the International Trade Center (ITC) as well as with the Investment Trends Section of the United Nations Conference on Trade and Development (UNCTAD) where she contributed to the World Investment Report 2007. She is currently working as the analyst of the Global Trade Alert for the CIS region. Her professional interests and expertise are trade policies in post soviet area (CIS region), Russian trade and industrial policy, regional integration, trade in services as well as the WTO accession process and value of the WTO membership. She can be contacted at [darya.gerasimenko@unisg.ch](mailto:darya.gerasimenko@unisg.ch).