

High level Round Table on
"Russia, the international economy and the World Trade Organization"

By Mike Moore

Good morning. It is a pleasure to be with you today. It is good to be back in Russia again, and as always I am spellbound by the grandeur of it, and deeply impressed by the signs of change and the deep sense of history and destiny of leaders driven by duty.

From the WTO's stand point, it is a momentous time for me to visit Russia, as it is now clear that Russia's accession process is on solid ground and is visibly moving towards an engaged negotiating phase. Since last year, it has become apparent to all that things have really started to move forward in the **Russian Federation**. Regarding Russia's membership of the WTO, all signs point to an acceleration of work in the coming months.

Joining the WTO sends a clear message to the world community about a nation's commitment to the rule of law, property rights and good governance.

Yugoslavia's Minister for Foreign Economic Relations said recently in Geneva: "We believe the WTO is a cornerstone of the international economic system; it is crucial that we must participate in it. We believe membership will contribute to the democratisation of Yugoslavia and will greatly contribute to stability in south-eastern Europe."

That is why so many nations wish to become members.

The Current state-of-play

Let me recall a few points on Russia's accession negotiations. The recent delivery of Russia's revised market access offers in goods and services marked a major change in the tone of the negotiations. These revisions resulted from a process of intensive consultation with concerned WTO Members. From this new spirit of co-operative negotiation we now see actual engagement between Russia and its trading partners in the negotiations on market access in both goods and services. Russia continues to work closely and positively with all interested WTO Members and accordingly we are beginning to understand what the eventual elements of a deal will contain. I should stress, however, that many months of difficult, and probably complex work remain, particularly in the services area, but be reassured that this is the case in any negotiation as one gets closer to the end.

The multilateral work also continues to develop. It is no secret that this work has not progressed as quickly as we all hoped. The Working Party commenced its work on Russia's legal and economic regime in 1995. As you are all aware, the object of this exercise is the comparison of Russia's system with the very detailed requirements of the WTO Agreements. Knowing the recent history of your country, you will all well understand the amount of work that is required.

This work is painstaking and focuses on the identification of any areas of non-compliance, together with plans for bringing those areas into conformity with the WTO Agreement. The big breakthrough has come in the last year, with the Russian side demonstrating its clear commitment to legislative and administrative reform. I want to commend President Putin and his Government for the courage and foresight they have shown in pursuing these reforms.

The Working Party is re-energised by the pace and direction of WTO-related legislation that has been enacted in the last months, and by the work planned in this regard for the coming months. This is a very positive development. There is now a clear link between the new legislation required by the WTO and the domestic economic reform being undertaken by the Government of President Putin. The two are mutually supportive and inter-linked. We have also seen a very clear co-operative linkage between the Executive and the Parliament. It is evident that both are working towards equipping Russia with the means to implement WTO rules and disciplines. I am very confident of seeing further acceleration in the coming months.

Let me simply add, that to be consolidated and sustained, because of its inter-linkage with Russian domestic economic reform, the process of accession of the **Russian Federation** to the WTO must benefit from the continuing advice and actual engagement of all sectors of Russian economic life.

Issues outstanding

The WTO Agreement concerns almost all aspects of trade and economic activity. Consequently, entry into the WTO requires that the applicant government undertake legally binding commitments that have an impact upon a wide range of sectors. What then are the most difficult issues requiring resolution? The most obvious one is agriculture. I am not talking of demands for market access for agricultural exports made by the EU, US, Australia and the like. These, in my view, will be reasonably dealt with at an appropriate time. Here I am principally thinking of negotiations on internal policies affecting the reform of Russian agriculture. Russia supplied information concerning its current framework of proposed new policies for reform of its agriculture sector. As we all know, the eventual structure of agricultural reform in Russia is still being deliberated, and the evolution of this debate will clearly have an impact upon the speed of our work in Geneva. Once the shape of the new policy is clear, and WTO Members and Russia settle the final description of supports paid to farmers in the context of the disciplines of the Agriculture Agreement, those commitments will become binding and enforceable. Then, Russia's WTO Membership will also be at hand. Let me simply add that the Agriculture Agreement clearly permits the government of the **Russian Federation** to continue to pay supports to its farmers. The Agriculture Agreement merely creates a framework within which those supports are regulated. Nevertheless, work on this topic is painstaking and sensitive.

Members too are keen to see the improvement of implementing legislation in critical areas such as customs valuation, import licensing, rules of origin, VAT and excise taxation, Russia's use of anti-dumping and countervailing measures, industrial subsidies, technical barriers to trade, sanitary and phytosanitary measures, TRIMS, state trading and TRIPS. It is no secret that the **Russian Federation's** existing legislation and practice in relation to most if not all of these areas currently falls short of WTO requirements. Members of the WTO understandably require that Russia modernise its legislation and enforcement in each area so that it can comply with its obligations immediately upon entry into the WTO. Russia has, in the last year or so, clearly taken the decision to respond to the concerns raised in a constructive and positive way. At recent consultations in Geneva in December 2000 and March this year the **Russian Federation** delivered, to a very warm reception, a substantial amount of new reforming legislation. The hard work of examination of the new legislation has begun in earnest. Initial indications from key capitals reveal that the signal of Russian willingness to move in a WTO consistent direction has been well received. Continuation of this new spirit of cooperation between the executive and legislature will be critical to our future success.

Prospects

These latest, most encouraging, signs of progress could scarcely be better timed - also from the WTO institutional perspective. I believe it is possible that at the Doha Ministerial, WTO Members can agree to the launch of a new round of trade negotiations. The next trade round will be different from any other trade round. Our Membership and their interests have exploded in number and complexity. Developing countries and economies in transition have made the case that no new round can begin or conclude without their "core" concerns with regard to implementation issues being at the centre of the agenda. They have won this argument. The major economies know that the future of the WTO rests on this issue and on their willingness to engage and be flexible. The WTO itself must be given the resources to do the job. Resources not only for a launch but also resources to enable our most marginalized and vulnerable Members to engage, to build their capacity. This is what is needed to begin and to conclude a new set of negotiations.

Russia is poised to take advantage of this opportunity if all continues to go well on the accession front. Our common objective should be to see the **Russian Federation** participate in a future round as a full member, once they enter into their most active phase. This will ensure that Russia's own interests and agenda are fully part of the outcome of the next Round. History calls us all. The WTO will not be a truly World Trade Organization until Russia, and other acceding countries, take their rightful place at our table.

In Geneva right now, Members are trying to cement support for a multilateral trade agenda for the Round. Monitoring and ensuring the implementation of the results of the Uruguay Round and carry-

ing forward the liberalization of world markets in areas such as agriculture and services will be, of course, important elements of the work programme. But, apart from these, trade negotiators are looking towards conquering new challenges facing the trading system. Competition policy, investment policy, and the environment are some major examples of the issues under discussion.

The stakes are high - and rising rapidly. Over most of the GATT's history of four decades or so, many nations on the fringes of the system regarded multilateral negotiations as largely a "damage limitation" exercise. Since the Uruguay Round these negotiations and, indeed, trade policy in general is increasingly about the regulation of domestic practices and measures hitherto considered within the realm of national sovereignty and, therefore, taboo. Whether it is the traditional areas of tariffs and non-tariff barriers, textiles and agriculture, or the newer areas such as services, TRIPS, TRIMs or others now emerging on the negotiating table, governments are increasingly turning to multinational contractual regulation rather than relying on the purely domestic approach. This is an irreversible trend. On all of these topics, the **Russian Federation** will have an interest that it wants to represent. We have to make this possible. This will take leadership, courage, vision, even sacrifice, because we do these things not only for ourselves, but more importantly for future generations. The virtues I spoke of - leadership, courage, vision - are virtues the Russian people have shown throughout their long history. That is why I am so confident. It is only a question of time and balance, not a question of principle.

Thank you.

World Trade Organization, rue de Lausanne 154, CH-1211 Geneva 21, Switzerland

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