

New CER pamphlet

RUSSIA AND THE WTO

**By Robert Cottrell, Paul Hare, Pascal Lamy, Maxim Medvedkov
and Yevgeny Yasin**

**Edited by Katinka Barysch, with a preface by Franco Frattini,
minister of foreign affairs, Italy**

Russia first applied to the World Trade Organisation in 1993. But it was only when Vladimir Putin took over the presidency in 2000 that real progress towards accession became possible. Putin's economic reform programme has helped to prepare Russia's economy for the demands of membership. And his pro-western turn after September 11th 2001 has generated much political support. Nevertheless, the Putin administration has given up its original goal of joining the trade club by 2003.

The essays in this new CER pamphlet explore the political conflicts and economic uncertainties surrounding Russia's WTO accession. Although all authors agree that Russia should join the WTO as soon as possible, they disagree about many aspects of accession, ranging from banking sector reform to energy prices.

- ★ Pascal Lamy, EU trade commissioner, offers the EU's support for Russia's accession bid. But he insists that Russia has to open up its markets for services such as telecoms and insurance, and liberalise its energy sector, before it can join. Low local energy prices, he claims, bestow an unfair advantage on Russian exporters.
- ★ Maxim Medvedkov, Russia's chief negotiator at the WTO, argues that energy prices are not part of the WTO's brief. And Russian producers would go bankrupt if they had to pay world-market prices for energy. There is only so much that Russia is willing and able to do for WTO entry, he warns.
- ★ Yevgeny Yasin, a former Russian economics minister, acknowledges that WTO accession will be painful for many Russian companies. But he claims that the alternative – closing the economy and trying to preserve an outdated and inefficient industrial structure – would be much worse.
- ★ Paul Hare, an economics professor from Heriot-Watt University, compares Russia's WTO accession with that of China. He examines which sectors of the Russian economy stand to gain from membership and which ones are likely to lose. He offers a number of recommendations on how Russia can maximise the benefits from accession.
- ★ Robert Cottrell, the FT's Moscow correspondent, explains that Putin sees WTO accession as part of his pro-western foreign policy. But – with elections coming up in 2003-04 – Putin also has to consider the domestic politics of WTO accession. Most industrialists and farmers are fearful of the consequences and would prefer a delay.

Note for editors

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