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**New Economic Approaches for a Coherent Post-2015
Agenda**

Russia, Global Risks and WTO

by

Valery Shnykin

**Member of the Council of Federation of the Federal Assembly
of the Russian Federation**

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Report by Mr. Valery Shnykin, member of the Council of Federation of the Federal Assembly of the Russian Federation, head of Standing Committee of the Interparliamentary Assembly of the Eurasian Economic Community (EurAsEC IPA) on customs regulation and border policy

**2013 UNCTAD Public Symposium:
New Economic Approaches for a Coherent Post-2015 Agenda**

Theme: Macroeconomic and Financial Governance on the Road to 2015

**Breakout Session: Protecting Policy Space for Development:
Corporate Globalization and the World of Trade Organization
(Room XXIV, 14.30-16.00, June 24, 2013, Genève)**

Title: Russia, global risks and WTO

Today globalization in Russia defined as modern Russian economy with a dominant corporate business sector having access to global markets that avails effective risks transfer. It is well noted, that Russian economy reform had no "evolutionary" yet "revolutionary" character, for the transformation period of the Russian economy happened in times of acceleration and extension of the frontiers of international economic integration, aggravated by the period of the Russian Transitional Economy.

Consecutively, in 2008, Russia proved its resilience to the global financial crisis. Its Anti-Crisis Program, developed and implemented in 2008 – 2010, is distinct to some classical methods. In particular, the Russian government has not allowed reductions in social sphere and has not given up on the interests of bank clients, as it is happening now in Cyprus. On the contrary, the Russian government has completely fulfilled its social obligations, including the pension's growth, state share in education and health increase, prevented massive job cuts.

The Russian government supported the banking sector. It developed and implemented special programs to provide financial support to strategic enterprises,

small and medium-sized businesses. By the end of 2009 the governments support to the banking sector reached 11.5% of GDP (est. 157 billion dollars) and to the real sector of economy – 6% GDP (est. 83 billion dollars). All regions of Russia were to prepare their own Anti-Crisis Road Maps.

Both chambers of the Russian parliament – the Council of Federation and the State Duma – co-authored and released within four months ten federal anti-crisis laws, successfully implemented.

As a result, 2012 the federal budget figures were at zero deficit. Russia GDP growth reached 3.4% - good result amidst largest world economies. By the end of last year, the unemployment rate fell to 5.4%, while real wage growth increased sharply – by 7.8%. At the mean time, the inflation rate remained relatively low at 6.6%.

Current dynamics of major macroeconomic indicators, unfortunately, reveal the slow growth of the Russian economy. The annual increase rate of industrial production remains low, decline in fixed investment continues. However, in recent months, indicators of consumer activity remain stable. The labor market and the bank loans dynamics continue to be the factors of domestic demand support.

By chairing the "G-20" in 2013 Russia visualizes one of its main priorities in developing measures to boost economic growth and to create jobs. To enhance economic growth Russia tasks to increase the investment rate to 6.5% of GDP, by 2015 – at 25%, and by 2018 – at 27%.

In the near future, the Central Bank of Russia plans to reduce the interest rate, which currently stands at 8.25%. June 11, 2013, the Central Bank of Russia decided to lower the Annual Repurchase Rate at 0.25% (7.25%). At the same percentage (7.25%) reduced interest rates on 1–2 years loans secured by gold, non-marketable assets and guarantees. Beginning October 1, 2013, one of the largest

banks in Russia with over 50% state assets, as a special offer, decided to withdraw bank commission charges for small businesses loans.

Thus, the cornerstone for financial reforms should be stable and reliable banking system. To prevent new threats, such as 2008 crisis, it is important to move towards the principles of financial supervision and regulation, developed by the Basel Committee. October 2013, Russia will shift to the Basel III standards. However, the Central Bank of Russia requirements in some clauses is even more stringent than proposed by the Basel Committee. Therefore, the capital adequacy ratio for all banks determined by the Central Bank of Russia is at 10%, while Basel III requirements for this figure set only for a number of banks.

Another important political task for Russia, following its accession to the World Trade Organization in August 12, 2012, was establishing effective multilateral trading system. By joining the WTO, Russia became full partaker of obligations under the WTO Agreement and the additional terms of membership agreed with interested WTO partners, listed in the WTO Schedule of Russian Concessions and Commitments on Goods and Services.

In April 2012, the Council of Federation – upper chamber of the Russian Parliament – established Interim Committee on Monitoring Russia's participation in the WTO and the Customs Union. The Commission monitors the situation in Russian regions and provides prompt legislative response. The WTO Rules Adaptation Programs established in 38 Russian regions and Personnel Training Program conducted in 23 regions. The Standing Committee of the Interparliamentary Assembly of the Eurasian Economic Community on Customs Regulation and Border Policy (EurAsEC IPA) that I represent is responsible for harmonization of customs legislation and legal cooperation with the WTO and its executive bodies.

Report prepared by the Working Party on the Accession of the Russian Federation to the WTO defines the Trade Regime between Russia and the Customs

Union, as well as Russia obligations to ensure compliance of Russia's Trade Regime with WTO rules in key areas. Due to the Customs Union requirements and the transition of power on trade regulation to the supranational level, Russia is obliged to ensure fulfillment of the WTO requirements under the Customs Union trade regime. Treaty on Functioning of the Customs Union in the framework of the Multilateral Trading System, executed by the Customs Union member countries, signed in Minsk (May 19, 2011) and ratified by all parties, must ensure the implementation of the commitments.

In the near future, we expect the opening of the Russian Federation Permanent Mission to the WTO in Geneva.