

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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RUSSIAN FEDERATION

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(Speaking as an Observer)

The establishment of the WTO can easily be considered as a historical one. In the near future the Agreement establishing the World Trade Organization and all the Uruguay Round Agreements will come into effect. Long years of negotiations proved the attractiveness and force of the idea of economic growth and prosperity through freer trade. As a result a new system of agreed and extended multilateral trade rules and disciplines was elaborated, which, we hope, will consistently be applied and used to the advantages of all WTO members. They will set out principles and rules for international economic relations for many years ahead. A really global interdependent economy is developing today. Our task is to shape dramatic changes which occurred in recent years. This should include Russia's full integration into the multilateral trading system.

We are aware of the difficult circumstances that accompanied ratification of the Uruguay Round package. The far-reaching decisions aimed at further liberalizing international trade and ensuring fair competition at the world markets were not always welcomed. However, we note with much satisfaction that eventually the political will to further develop international economic cooperation on the basis of the agreed legal rules, greater market-opening and mutual trust prevailed over protectionist moods. The estimates of international and global income that will result from the implementation of the Uruguay Round prove once again that the trade liberalization course taken by the GATT founders was right. We hope that the establishment of such a multifacet organization as the WTO will not affect efforts by outsiders to get integrated into the international trading system.

Despite the difficulties of the transitional period, Russia continues its progress towards full integration in the world economy on the basis of market principles. While discharging the paramount task of radical transformation of the national economy it is sometimes hard to keep to the straight path. Sometimes there are mistakes or even steps backward due to the high social costs of ongoing reforms.

However, already there are first positive signs. We managed to cut down substantially the rate of inflation. The non-state sector of the national economy accounts for more than half of the GDP. The services sector is on a speedy rise. According to our estimates, we have already reached the lowest recession point and from now on the Government will be turning to a new stage of reforms. The emphasis will be put on establishing a favourable investment climate that will also become much more oriented towards the producers' needs.

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Despite a difficult economic situation the Russian Government avoided the temptation to turn to protectionism. We intend to keep liberalizing foreign economic relations, although even at this stage it is very liberal. There are no quantitative restrictions on imports to Russia. There is gradual dismantling of export restrictions going on. As from the next year all export quotas will be lifted. In 1996 these will be followed by export tariffs. We are also getting prepared to accept obligations with regard to import customs tariffs.

Trade is one of the best forms of support for our reforms. That is why we consider accession as an essential element of them. We fully understand that countries defend first of all their commercial interests through relevant WTO agreements. That is our intention too. We are eager for the business-oriented negotiations on our accession and ready to adapt to the rules and disciplines incorporated in the WTO agreements, and join the new organization on the basis of equal rights and obligations with its members. No doubt that our accession will also be in the interests of the WTO members, permitting the new organization to become truly universal.

At present we are completing the preparation of replies to questions put on the Memorandum on the Foreign Trade Régime. We expect that the first meeting of the Working Party will be held early next year. In connection with the forthcoming establishment of the World Trade Organization the Government of the Russian Federation took a decision to join the WTO. Tomorrow we will hand over the relevant official request to the Director-General of GATT.

The setting up of the World Trade Organization will certainly mark a new stage in the development of international economic cooperation. We believe that our working party will function productively leading to Russia's earliest entry into the new organization. For its part, the Russian Government is prepared to cooperate effectively with all WTO members in the course of our accession. As far as Russia is concerned, the WTO members will acquire a reliable and responsible partner.