

## Welcome to the WTO... Finally!



Ambassador Stefán Jóhannesson, WTO Director-General Pascal Lamy, and Russian chief negotiator Maxim Medvedkov celebrating the adoption of the Russian accession package.

On 10 November 2011, the Working Party on Russia's accession, chaired by Ambassador Stefán Jóhannesson (Iceland), agreed, ad referendum, on the terms of the country's membership to the WTO by adopting the package containing reforms to Russia's trade regime, and the commitments that Russia undertook to implement as part of its WTO accession. Members agreed to send Russia's accession package directly to the 8th Ministerial Conference for adoption by Ministers on 15-17 December 2011. The Russian Federation will have until 15 June 2012 to ratify its accession package. Thirty days after the notification of the ratification to the WTO, the Russian Federation will become a full-fledged member.

"It has been a long journey, but today Russia has taken a big step towards its destination of membership in the WTO. In acceding to the WTO, Russia embraces a series of rules and commitments that are the foundation of an open, transparent and non-discriminatory global trading system. This system provides important guarantees for Russia and for the 153 other Members of our organization. This win-win result will bring Russia more firmly into the global economy and make it a more attractive place to do business. For the WTO, it comes as a most welcome deliverable for the upcoming WTO Ministerial Conference and signals anew the relevance and vibrancy of the WTO as an instrument for international cooperation," said Director-General Pascal Lamy.

"It is gratifying to see that after 18 years of sometimes uneasy negotiations the process of WTO accession is completed today. The agreement as negotiated brings us into the system of multilateral trading rules, creating new opportunities for our traders and investors and enabling us to protect their commercial interests even more effectively than before," said Maxim Medvedkov, chief negotiator for the Russian Federation.

"The completion of this Working Party's activity represents an historic achievement for the WTO. I am convinced that Russia's accession to the WTO will bring substantial benefits both to Russia and to the Members of this organization. In these difficult economic times, this represents good news and I have no doubt that Russia joining our WTO family will strengthen the multilateral trading system and enhance global economic cooperation," said Working Party Chairman Ambassador Jóhannesson.



Working Party seals the deal on Russia's membership

## What WTO accession means for Russia

As part of the accession accord, Russia has agreed to undertake a series of important commitments to further open its trade regime and accelerate its integration in the world economy. From the date of accession, the Russian Federation has committed to fully apply all WTO provisions, with recourse to very few a transitional periods. The Russian Federation's commitments will include the following:

**Market access for goods** - On average, the final legally binding tariff ceiling will be 7.8% compared with a 2011 average of 10% for all products. The average tariff ceiling for agriculture products will be 10.8%, lower than the current average of 13.2%. The ceiling average for manufactured goods will be 7.3% vs. the 9.5% average today on manufactured imports. Tariffs will be bound at zero for cotton and information technology (ITA) products (current applied tariff on ITA products is 5.4%).

**Market access for services** - The Russian Federation has made specific commitments on 11 services sectors and on 116 sub-sectors. On telecommunications, the foreign equity limitation (49%) would be eliminated four years after accession. Foreign banks would be allowed to establish subsidiaries. On transport services, commitments were made in maritime and road transport services, including the actual transportation of freight and passengers.

**Export Duties** - Export duties would be bound for over 700 tariff lines, including certain products in the sectors of fish and crustaceans, mineral fuels and oils, raw hides and skins, wood, pulp and paper and base metals.

**General commitments on market access** - Quantitative restrictions on imports or other requirements or restrictions that could not be justified under the WTO provisions would be eliminated and not (re) introduced. Upon accession, the Russian Federation would apply the Custom Union Generalised System of Preferences scheme (CU GSP) for developing and least-developed countries. 152 developing countries and least-developed countries benefit from the CU GSP.

**GPA** - The Russian Federation intends to join the WTO Government Procurement Agreement (GPA) and would notify this intention to the WTO Government Procurement Committee at the time of accession.

**Industrial subsidies** - The Russian Federation would eliminate all its industrial subsidies programmes or modify them so that any subsidy provided would not be contingent upon exportation or upon the use of domestic over imported goods.

**Agricultural subsidies** - The total trade distorting agricultural support would not to exceed USD 9 billion in 2012 and would be gradually reduced to USD 4.4 billion by 2018. All agricultural export subsidies will be bound at zero.

**Pricing of energy** - Producers and distributors of natural gas in the Russian Federation would operate on the basis of normal commercial considerations, based on recovery of costs and profit

**SPS** - All SPS measures would be developed and applied in the Russian Federation and the Custom Union, in accordance with the WTO Agreement.

**TBT** - All legislation related to technical regulations, standards and conformity assessment procedures, are to comply with the WTO TBT Agreement.

**Investment** - All laws, regulations and other measures related to the Agreement on Trade-Related Investment Measures would be consistent with the WTO provisions.

**TRIPS** - The Russian Federation would fully apply the provisions of TRIPS including provisions for enforcement, without recourse to any transitional period.

**Territorial scope** - The provisions of the WTO Agreement would be applied uniformly throughout the Russian Federation territory, including in regions engaging in frontier traffic, special economic zones and other areas where special regimes for tariffs, taxes and regulations could be established.

## Other accessions

Samoa and Vanuatu have also recently concluded their accession packages to the WTO. On 28 October 2011, the Working Party on Samoa's accession cleared the path for its WTO membership by approving the accession package that is also to be formally adopted during the 8th Ministerial Conference. The package contains reforms to Samoa's trade regime, market access schedules on goods and services, the draft General Council Decision and the draft Protocol of Accession. Samoa applied for WTO membership on 15 April 1998.

Vanuatu's accession package was approved by the General Council on 26 October, containing the Working Party report, which outlines its reformed trade regime and its commitments as a WTO member, market access schedules on goods and services, as well as the General Council Decision and Protocol of Accession. Vanuatu applied for WTO membership in 1995 and the Working Party concluded the negotiations on 2 May 2011. Vanuatu has to ratify the deal by 31 December 2011 to become WTO's 154th member 30 days after the ratification.



Working Party meeting on Samoa's accession

"With Vanuatu the WTO receives a least-developed country into the family. Its membership will strengthen the multilateral trading system and provide this country with a stable and predictable trade environment. Vanuatu's accession brings the WTO one step closer to our goal of universal membership" declared WTO Director-General Pascal Lamy.

Vanuatu's Deputy Prime Minister and Minister of Trade, Commerce, Industry and Tourism, Ham Lini Vanuaroroa, declared: "This is a happy moment of historical significance for Vanuatu. This accession will bring substantial gains to our country."



WTO welcomes Vanuatu as a new member

The accessions of Montenegro, Serbia and Bosnia and Herzegovina are also moving forward. The last meeting of Montenegro's Working Party is scheduled for end of November 2011. On 28 September, the Bosnia and Herzegovina's Working Party Chair, Ambassador István Major (Hungary), stated that the 9th meeting of the Working Party marked another substantive step on the way to Bosnia and Herzegovina's WTO membership. Members expressed their support for a swift completion of the accession negotiations and welcomed Bosnia and Herzegovina's progress in the implementation of new legislation to comply with WTO rules. Serbia's accession is also steadily moving towards conclusion. At the eleventh meeting of the Working Party on Serbia's accession, on 30 September, Members supported an early accession of Serbia and welcomed its progress in the implementation of new legislation to comply with WTO rules.

## Doha Round Updates

*Cannes, 4.11.2011*

### **G-20 leaders reiterate the need to avoid protectionism and strengthen the multilateral trading system**

The text of the communiqué from the summit of the Group of 20 industrialized and developing nations reiterated their commitment to halt protectionism while underscoring "the merits of the multilateral trading system as a way to avoid protectionism and not turn inward". They also declared that "We stand by the Doha Development Agenda (DDA) mandate. However, it is clear that we will not complete the DDA if we continue to conduct negotiations as we have in the past. We recognize the progress achieved so far. To contribute to confidence, we need to pursue in 2012 fresh, credible approaches to furthering negotiations, including the issues of concern for Least Developed Countries and, where they can bear fruit, the remaining elements of the DDA mandate. We direct our Ministers to work on such approaches at the upcoming Ministerial meeting in Geneva and also to engage into discussions on challenges and opportunities to the multilateral trading system in a globalised economy and to report back by the Mexico Summit."

*Hong Kong, 4.11.2011*

### **DDG Rugwabiza warns protectionism will hurt global growth**

Deputy Director-General Valentine Rugwabiza, in a speech at the University of Hong Kong on 4 November 2011, warned that "to turn to protectionist trade measures in the current circumstances would be a huge mistake triggering a game of lowest common denominator where the loser will ultimately be global growth". She added that "with every day that members fail to find a way forward in the [DDA] negotiations to create new market access, improve existing rules and establish new regulations, protectionist pressures may flourish."

*Geneva, 18.10.2011*

### **Chair says "time to close the deal" on government procurement**

At the end of three days of intensive consultations among the parties to the plurilateral Government Procurement Agreement (GPA), the chairman of the GPA Committee, Nicholas Niggli, said on 18 October that important progress had been made on the objective of concluding the negotiations in time for the 8th WTO Ministerial Conference in mid-December.

*Geneva, 26.10.2011*

### **Lamy on the next steps in the DDA negotiations**

In his report to the General Council on 26 October 2011, Director-General Pascal Lamy said that "what we need now are concrete steps to generate trust in the ability of the WTO family to keep moving forward our agenda. To meet this credibility test, we have to keep working across the entire WTO agenda by looking at and beyond MC8." He also mentioned sensing "convergence on the centrality of the development dimension in the phase ahead including delivering for LDCs as priority under any paragraph 47 exercise".

*Geneva, 21.10.2011*

### **Members eye path of 'smaller steps' as way out of Doha impasse**

Ambassadors from WTO member governments confirmed on 21 October 2011 that the upcoming ministerial conference should set a deadlock-breaking path for the Doha Round perhaps by starting on issues where an early agreement might be possible.

## Other WTO News

*07.11.2011*

### **Rollback of various trade restrictions urged, EU to consult on Pakistan waiver**

At the Council for Trade in Goods meeting on 7 November 2011, members urged Argentina, Brazil, Ecuador and the European Union to roll back various trade restrictions. The European Union said it would continue to consult with members on its waiver request for trade preferences for Pakistan. The Council carried out its final transitional review on China's accession to the WTO.



# WTO NEWSLETTER FOR PARLIAMENTARIANS

31.10.2011

## World services exports rise 16% according to new WTO figures

The WTO is releasing for the first time quarterly and monthly statistics on international trade in commercial services (on a balance of payments basis) for available economies. These statistics are current price numbers, not seasonally adjusted. According to these latest statistics, world exports in commercial services increased by 16% in the second quarter of 2011 compared to the same quarter of 2010.

27.10.2011

## For the first time, members invoke Article 13.1(b) of the Safeguards Agreement

Colombia and India asked the Safeguards Committee in separate cases, on 27 October 2011, to find whether or not the procedural requirements of the Safeguards Agreement have been complied with in connection with the safeguard measures taken by Ecuador on glass windshields and by Turkey on cotton yarn, respectively.

26.10.2011

## Subsidies Committee focuses on improving notifications

The Committee on Subsidies and Countervailing Measures, on 26-27 October 2011, focused on encouraging more WTO members to notify their subsidy programmes, and on improving the timeliness and completeness of notifications. It decided to extend the transition period for the elimination of export subsidy programmes of 19 developing countries.

26.10.2011

## WTO G-20 report: Weak growth and imbalances “testing” government resolve against protectionism

The WTO’s report on G-20 trade measures, issued on 26 October 2011, said that “disappointingly weak growth in some G-20 countries

and continuing macroeconomic imbalances globally are testing the political resolve of many governments to abide by the G-20 commitment to resist protectionism”. It said that “the situation is not yet alarming, but it is clearly adding to the downside risks to the global economy”.

24.10.2011

## Committee reviews reports on anti-dumping actions

The Committee on Anti-Dumping Practices, on 24-25 October 2011, reviewed 32 semi-annual reports of anti-dumping actions taken during the first half of 2011.

### In the Spotlight of the Dispute Settlement Body

- WTO issues report on China-EU footwear dispute
- WTO adopts report on China/US tyres case
- WTO establishes panel to examine US anti-dumping measures on Chinese shrimps and sawblades
- Public observation authorised for oral hearing in the Boeing dispute

### Trade Policy Reviews

#### 19 and 21 October 2011: Zimbabwe

[http://www.wto.org/english/tratop\\_e/tpr\\_e/tp352\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp352_e.htm)

#### 1 November 2011: Cambodia

[http://www.wto.org/english/tratop\\_e/tpr\\_e/tp353\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp353_e.htm)

#### 14 and 16 November 2011: Ecuador

[http://www.wto.org/english/tratop\\_e/tpr\\_e/tp354\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp354_e.htm)

#### 28 and 30 November 2011: Thailand

[http://www.wto.org/english/tratop\\_e/tpr\\_e/tp355\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp355_e.htm)

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### FEATURED MEDIA

*Latest podcast: 1.11.2011: Trade Policy Review: Cambodia. Audio: Chairperson’s concluding remarks*  
<http://www.wto.org/audio/tp353.mp3>

*Latest video: 07.11.2011: Debate: GATS and financial regulation. Lori Wallach, director of Washington-based Public Citizen’s Global Trade Watch Division, and Hamid Mamdouh, Director of the WTO’s Services Division, discuss the topic with Keith Rockwell, WTO Spokesperson.*  
<http://youtu.be/Ru4TrbGjDF0>

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