
**Trade Policy Review Body
28 and 30 September 2016**

TRADE POLICY REVIEW

RUSSIAN FEDERATION

MINUTES OF THE MEETING*Chairperson: Ms Irene Young (Hong Kong, China)***CONTENTS**

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Note: Advance written questions and additional questions by WTO Members, and the replies provided by the Russian Federation are reproduced in document WT/TPR/M/345/Add.1 and will be available online at http://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm.

1 INTRODUCTORY REMARKS BY THE CHAIRPERSON

1.1. The first Trade Policy Review of the Russian Federation was held on 28 and 30 September 2016. The Chairperson, Ms. Irene Young (Hong Kong, China), welcomed the delegation of the Russian Federation headed by Mr. Maksim Medvedkov, Head of the Department for Trade Negotiations of the Ministry of Economic Development of the Russian Federation; the delegation from Moscow; and the discussant, Ambassador Vangelis Vitalis (New Zealand).

1.2. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures for the meeting. The report by the Russian Federation was contained in document WT/TPR/G/345 and that of the WTO Secretariat in WT/TPR/S/345.

1.3. Questions by the following delegations had been submitted in writing before the deadline: Malaysia; Oman; Canada; Australia; Switzerland; Singapore; Mexico; China; European Union; Norway; Japan; United States; Argentina; Ukraine; Chinese Taipei; Costa Rica; India; Chile; Peru; Indonesia and Korea. The following delegations submitted written questions after the deadline: Benin; Brunei Darussalam; Colombia; Saudi Arabia; Hong Kong, China; New Zealand; Paraguay; Thailand; Republic of Moldova; El Salvador; Ecuador and Turkey.

1.4. The economic environment in the Russian Federation had been challenging over the last few years. Real GDP had decreased by 3.7% in 2015, and was expected to dip further this year. The main cause for this contraction had been the fall in oil prices, coupled with insufficient diversification in the exports. Economic sanctions imposed by some countries and the countermeasures by the Russian Federation had also played a role. The Government had responded with an anti-crisis plan, but GDP growth was slow to pick up. There was clearly a need to accelerate economic reforms. But were there factors undermining their success? What further steps the authorities were taking, or planned to take, to spur the country's development? Members wished to know more about the broader economic context in which Russia's trade policies operated.

1.5. Focussing on trade policies, Russia's accession to the WTO in 2012 had been a historic moment; a landmark in the country's integration into the multilateral trading system. It had come with wide-ranging commitments in goods and services, which required fundamental changes to Russia's domestic legislation and trade regime. Four years on, Members had witnessed tremendous liberalization efforts and remarkable improvements, but this was still very much an ongoing process. Tariff reductions, for instance, will not be completed until 2020, and accession negotiations for the Government Procurement Agreement had yet to begin. While Members could expect elimination of WTO-inconsistent measures applied under the Auto Investment Programme in 2 years' time, in other areas such as customs control and import restrictions, Members had raised new concerns. Some of these issues were addressed in other WTO bodies, and could only be resolved in those contexts. As far as this TPR was concerned, Members could expect greater transparency of the policies involved.

1.6. At the regional level, economic integration of the Eurasian Economic Union (EAEU) Member states was a key priority of the Russian Federation. The authority over many aspects of Russia's foreign trade regime now rested with the EAEU institutions, and there was coordinated policy for sectors such as agriculture. As the Secretariat remarked, to a certain extent, the EAEU guided the trade policy reform agenda of the Russian Federation. The policies and legal competence of the Eurasian Economic Commission were therefore matters of considerable interest to WTO Members. Many questions had been asked about these, as well as EAEU's first comprehensive FTA with Vietnam. Members looked forward to the delegation's elaboration.

1.7. In two crucial trade areas, namely services and investment, the competence for negotiations were retained by individual EAEU members. From the advance questions, the Chairperson had seen a lot of interest in Russia's investment regime, in particular regarding market access limitations, approval procedures and the reform 'roadmaps'. In view of the predominance of state-owned enterprises in many sectors including banking, transport and energy, and the huge untapped potential for private investment, questions had also been raised regarding the much delayed privatization programme.

1.8. Regarding sectoral trade policies, the Chairperson expected interesting discussion on Energy from both market access and environmental perspectives, given Russia's influence as the world's second-largest oil and gas producer. Agriculture was also the focus of many questions, mainly in relation to import bans, TRQs, domestic support and export assistance.

1.9. The more than 700 questions of course covered much more than what the Chairperson highlighted above. She invited Members to discuss in greater detail trade issues of interest to them and of systemic importance to the multilateral trading system.

2 OPENING STATEMENT BY THE REPRESENTATIVE OF THE RUSSIAN FEDERATION (MR. MAKSIM MEDVEDKOV)

2.1. I am very pleased to head the Russian delegation to attend the first WTO Trade Policy Review of Russia. On behalf of the delegation, I would like to thank you, Madam Chair, for your warm and substantive opening remarks.

2.2. Many thanks also go to Ambassador Vitalis for assuming the role of discussant.

2.3. I would like also to express my sincere gratitude to the Secretariat for outstanding hard work in preparing comprehensive report – the first one for Russia– as well as for organizing this meeting. We deeply appreciate the excellent cooperation we have had with Mr. Willy Alfaro and his team of experts.

2.4. Last but not least, let me extend our deep appreciation for the Members' visible interest in Russia's trade policies and practices. We have received 753 questions from 33 Members (including ASEAN and LDC group) by yesterday. For the past few weeks we have been working on them around the clock together with our colleagues from two dozen government agencies. By now, written responses for 617 of questions have been circulated. Please be assured that the remaining responses will be provided in line with the established practices.

2.5. We hope that our answers as well as the discussion today will enable Members to better understand Russia's and Eurasian Economic Union's trade policies. We also hope that through this process we can get a clearer picture of how Members assess specific elements of Russia's trade regime and gather valuable ideas aimed at improving its efficiency.

Challenges

2.6. Saying that, I come down to business. Four years have passed since Russia acceded to the WTO. Now we can conclude that both the process and the implementation of the terms of the accession gave an extra impetus to increasing competitiveness of Russia's economy. It helped to boost demand in foreign markets for some commodities produced in our country and maintained stability of the domestic regulatory system.

2.7. In the years following the accession, Russia has faced numerous economic challenges. Our economy was hit by the global economic and financial crisis. It witnessed volatility of the post-crisis recovery process, depressed global business environment, and decline in world prices on main export products.

2.8. The key process in our economy these days can be described as steady structural adjustment of the Russian economy to both external shocks and internal challenges.

2.9. The major external shock was a three-fold drop in hydrocarbon prices, which substantially reduced the role of the export revenues in economic growth. Now, almost 60% of budgetary revenues come from sectors other than energy, 3 years ago the picture was opposite. Effects of the oil price shock for the Russian economy were also strengthened by restrictive measures imposed against our country by some WTO Members.

2.10. A negative impact of external factors was balanced by the need to stimulate internal sources of economic growth. Our economic policy is to resolve this challenge by implementing a number of comprehensive measures. They include increasing public demand (through the regulation of money supply and implementation of national projects), developing sector-specific incentives in the industry and agriculture and optimizing the regulatory functions of the Government.

2.11. Doing this, we keep in mind obligations in the WTO and give priority to market based regulatory instruments. The Bank of Russia practices the same approach in its monetary and exchange rate policies.

2.12. Timely and comprehensive series of anti-crisis measures taken by the Russian Government allowed to minimize negative effects from external economic shocks. It maintained social stability

and employment level, attenuated risks of inflation and financial instability, helped to restore confidence and protect interests of investors.

2.13. Government activities aimed at sustainable economic development are gradually yielding results. Despite the remaining challenges, we see positive signs in Russia's economy. The pace of GDP decline is expected to slow down to 0.2% in 2016. By the end of this year, we expect the economy to restore moderate growth. GDP growth rate of 0.8% in 2017, 1.8% in 2018, and 2.2% in 2019 is expected. Industrial and agricultural production is expected to expand by annual average growth rates of 1.6% up to 2.3% in 2017-2019 accordingly to effect positively on GDP dynamics. In addition, we foresee gradual growth of non-energy exports, controlled unemployment (with the rate of 5.8% at the beginning of 2016), and declining inflation (less than 6.5% on annual basis by the end of this year). There are also some positive investment trends as capital flight pace is reduced and major investors are gradually returning to Russia.

2.14. At the same time, the challenges that Russia had faced triggered an accelerated search and implementation of solutions for the systematic trade and economic problems, such as export diversification, development of domestic high-tech industries, and of small and medium-sized enterprises, exploring new opportunities on foreign markets for trade and investment.

2.15. Russian foreign trade strategy is reflected in the Government programme for the development of foreign economic activity (FEA) until 2018, approved in April 2014.

2.16. Goals set by this Programme include improving export specialization of Russia; increasing the number of companies - exporters of goods by 1.5 times; reaching higher ranking in the World Bank's Ease of Doing Business Index by the "International Trade" indicator. We also aim at reaching a qualitatively higher level of economic and trade cooperation with the EAEU Members, other CIS countries, as well as APEC, ASEAN, BRICS. In order to achieve these goals, the Russian Government is preparing a series of practical tools (including roadmaps and priority projects), designed to create business environment of a "new quality", improve corporate governance and streamline export and import procedures.

2.17. The Russian Federation extends its range of export products. We explore new directions. This year, Russia became the largest supplier of wheat worldwide, strengthening its position in the world grain market. In the next five years, we plan to substantially increase our agricultural products export, which explains why we are very much interested in maintaining the talks in the WTO.

2.18. Russia maintains its role as a reliable global supplier of raw materials and energy resources that provides world market stability. We also attach great importance to deeper integration into global value chains, moving up the value chains in prospective industries and increasing domestic added value. Russia takes same steps as many other countries do – reforming economy in accordance with needs shaped by external and internal factors and challenges.

Russia in the Multilateral Trading System

2.19. With regard to the multilateral trading system, Russia takes a responsible and proactive approach as a dedicated supporter of and contributor to the WTO.

2.20. Russia strongly adheres to the rules of the multilateral trading system. Our key priority is to maintain the centrality of the WTO as the global forum for trade and to strengthen its negotiating function. It is for these aims that we actively participate in the multilateral trade negotiations in full cooperation with other Members.

2.21. Russia largely contributed to the multilateral efforts to reach agreements on Bali package in 2013 and Nairobi package last year. We continue to emphasize the need for an expeditious and efficient implementation of the outcomes we achieved during these ministerials. Russia ratified the TFA Agreement and presented its instruments of ratification to the Director General in April 2016. We also eliminated agricultural export subsidies well before WTO accession.

2.22. In our minds, the WTO is a unique platform for establishing universal trade rules. We strongly believe that it is time for a membership to launch the negotiation process on the issues

that might be delivered by the next Ministerial. We are still confident that it is possible to reach consensus with regards to the formation of the new direction if we start working towards this goal now.

2.23. We believe that the new agenda should include the outstanding Doha issues that have a high potential of reaching agreement by the Membership. As we see it, such issues could be: domestic support, remaining elements of export competition and agricultural market access, as well as parts of rules agenda. Consequently, the new agenda could also include other issues in the list of negotiating tracks, such as: rules in antidumping and subsidies, domestic regulation in services, transparency in RTAs, as well as evaluation of their impact on the multilateral trading system, investment regulation, e-commerce and environmental aspects of trade.

2.24. We are ready to work vigorously with other Members in order to reach tangible results by the next Ministerial conference. We made some textual proposals before and intend to make new soon.

2.25. We have been investing efforts into the improvement of global trading rules, not only in Geneva, but also in other international fora. As the Chair of APEC in 2012 and within the "G20" in 2016, we worked hard together with others to deliver a strong message in support of the central role of the WTO in the multilateral trading system.

2.26. As of June 2016, Russia has made 73 regular notifications to the WTO and has systematically submitted tariff data to the WTO Integrated Data Base.

2.27. As a new Member, Russia is actively participating in the work of the WTO, its committees, working groups and councils.

2.28. Since 2012, we participated in 32 TPRs.

2.29. Against the backdrop of increased efforts in developing domestic regulation disciplines in accordance with a built-in agenda under GATS Article VI:4, in June, Russia co-sponsored the initiative of Friends of Domestic regulation group aimed at launching substantive discussion on this issue within the relevant working group.

2.30. We also fully support revived discussions on electronic commerce in the WTO. We support an "evolutionary" approach in dealing with e-commerce challenges: first, revealing issues in the field of e-commerce development, including barriers and gaps in the institutional framework regulating e-commerce, and then trying to identify optimal ways to address the abovementioned issues. This is why in July Russia co-sponsored the document proposed by Japan that exemplified such approach.

2.31. Russia is of the view that the WTO can and should be one of the platforms for observing a reformation of the respective investment regulation, as it already has the basis for furthering the discussions on this issue. We are currently working on the relevant investments-related initiatives, and Russia is committed to work closely with all WTO partners in a constructive manner that will help this institution move forward into a new successful decade.

Bilateral and Regional Developments

2.32. While strengthening the multilateral trading system remains our key priority, we also continue to expand bilateral and regional trade and economic cooperation.

2.33. We are actively involved in regional integration. Therefore, we place high value on enhancing transparency of the regional economic agreements. We continue to call for the transformation of the current provisional Transparency Mechanism into a permanent one. We are convinced that regional trade agreements cannot serve as an alternative to global trading rules and should complement rather than substitute coherent multilateral rules.

2.34. We carry our work on deepening economic integration with our partners on the principles of openness, inclusiveness and compatibility with the multilateral trading rules.

2.35. On this basis, we are promoting integration within the Eurasian Economic Union (the EAEU). Now The EAEU is a common market with a population of over 180 million people, with a total GDP of US\$1582.1 billion and foreign trade turnover of more than US\$500 billion (in 2015).

2.36. Further, in an effort to deepen international partnerships, Russia places a great emphasis on developing trade and investment ties to foster closer cooperation between the EAEU, the Association of Southeast Asian Nations (ASEAN) and the Shanghai Cooperation Organization (SCO).

2.37. Last year, the EAEU signed the first Free Trade Agreement with Vietnam, which will enter into force on 5 October 2016.

2.38. Together with the EAEU Member States, we consider several proposals to launch negotiations on free trade agreements.

2.39. We firmly believe in the paramount importance of our joint work in strengthening and improving an open, rules based and balanced multilateral trading system. We will combine these efforts with further integrating Russia's economy into the global economic architecture and creating business- and investment-friendly environment.

2.40. We approach Russia's first TPR as a valuable opportunity to listen and to learn. We look forward to participating in this exchange of opinions and ideas. Our delegation is ready to receive comments and questions. Thank you.

3 STATEMENT BY THE DISCUSSANT

3.1. Let me at the outset warmly welcome the Head of the Department for Trade Negotiations of the Ministry of Economic Development of the Russian Federation, Mr. Medvedkov, and his high-level team from Moscow.

3.2. For my own part, it is a particular pleasure and privilege – in equal measure – for me to be the discussant for this the first WTO Trade Policy Review of the Russian Federation.

3.3. I have some experience in working on Russia-related trade policy since the WTO accession process commenced and which I covered as a junior officer attached to the New Zealand Embassy in Moscow.

3.4. Subsequently, I worked for a time at the Russian Ministry of Agriculture as part of the EU's TACIS programme. In particular, I was part of a team which developed a partial equilibrium model of the Russian agricultural sector. The objective was to help the Russian Ministry of Agriculture assess the likely effects of WTO accession on the agricultural sector.

3.5. In preparing my remarks for this process today, I could not help recalling the words of Hermann from Pushkin's great novella "The Queen of Spades". Hermann says "I am not in the position to sacrifice the necessary in the hope of winning the superfluous". That quote has a particular meaning and relevance for me as I read the Secretariat's thorough report, as well as the range of questions Members have posed.

Introduction

3.6. This – the First Trade Policy Review (TPR) of the Russian Federation – is an important milestone. It is the first such scheduled review since Russia joined the WTO four years ago. Its significance, therefore, cannot be understated. In this regard, it is worth reflecting briefly on the situation for Russia's trading partners before its accession was concluded, not least in terms of some of the core WTO principles such as transparency and non-discrimination. Put simply, prior to WTO accession there were very low levels of transparency, numerous instances of discrimination and a distinct lack of certainty about the overall direction of travel of Russia's trading system.

3.7. The same is not true today. Taken together, it is clear that on a comparative basis with the situation prior to 2012, the process of accession has substantively improved matters for WTO Members. That is a positive development, though further effort is needed if the full benefits of WTO membership are to be realised both by Russia and the wider multilateral trading system. It is in this context that the following three inter-related trade policy issues are considered with a view to informing Members' engagement on this TPR:

- Structural trade policy issues;
- Sectoral trade policy issues, with a particular emphasis on agriculture; and
- Systemic trade policy issues with a focus on preferential trade agreements and fossil fuel subsidies.

Structural Trade Policy Issues

3.8. The objectives of Russia's international trade policies are clearly laid out in a range of Russian Federal Laws dating from 1999 to 2003. It is useful to benchmark the findings of this TPR against those objectives which include: to modernize and diversify the Russian economy; accelerate Russia's integration into the global economy and to create favourable conditions for traders – exporters and importers – as well as consumers.¹ These objectives should be kept in mind and should inform this Trade Policy Review.

3.9. After WTO accession, Russia's trade policies were demonstrably heading in the right direction, including in terms of its overall trade policy objectives. The final bound rate for all products is

¹ Federal Law No. 164-FZ of 8 December 2003 on the Fundamentals of the State Regulation of Foreign Trade Activity in the Russian Federation; and Federal Law No. 160-FZ of 9 July 1999 on Foreign Investment in the Russian Federation.

moving to 7.8% in keeping with the agreed implementation process.² This represents a significant improvement over the terms and conditions that governed trade with Russia prior to its accession. Moreover, the commitments made by Russia in goods, services and elsewhere, while commensurate to those of other recently acceded Members, compare favourably with many so-called 'older' WTO Members who have been long standing members of the GATT.

3.10. As with any WTO Member, there remain areas for improvement. To state the obvious, ensuring that its tariff bindings are not breached for whatever reason is an important principle and Russia's assurances to this end will be appreciated. Similarly, greater transparency and efficiency would also be achieved through the exclusive use of *ad valorem* tariff rates, rather than the mixed rates which feature in its existing schedule of commitments.

3.11. In terms of more specific structural trade issues, this assessment has necessarily narrowed its focus in the interest of time on three areas: *the expanding role of the Eurasian Economic Union (EAEU); the "ease of doing business" in Russia; and the increased emphasis on import substitution and the role of State-Owned Enterprises.*

The Eurasian Economic Union (EAEU)

3.12. The Eurasian Economic Union (EAEU) is a significant new structural development in Russia's trade policy. On the one hand, the EAEU has been developing rapidly, including on trade policy where the Eurasian Economic Commission (EEC) increasingly has competency. The initial assessment of the EAEU appears on balance to be broadly positive,³ including in terms of the potential future direction it may take.⁴

3.13. On the other hand, the role of the Eurasian Economic Commission in managing the EAEU members' Customs Union may have created certain misunderstandings in some Members' minds about the management of the EAEU's external tariff and trade remedies' regimes. It would be useful to clarify these matters and the broader competencies of the EEC during this review. It appears, for instance, that the EEC has an increasingly important role to play on technical barriers to trade, as well as competition policy – all of which touch on trade policy.

3.14. The experience of Members trading with Russia and the EAEU also suggests that further work is needed to improve trade facilitation procedures in Russia and the EAEU itself. Such improvements will deliver obvious economic benefits to Russia, the EAEU and their trading partners. Ratification of the Trade Facilitation Agreement is a positive development not least for the helpful signal this sends about Russia's commitment to the multilateral trading system. The implementation of the commitments contained in that Agreement will be useful for Russia and its EAEU partners in terms of their own focus in this area.

3.15. More directly, it is encouraging to note that a "single window" clearance process is already being tested within the EAEU through a pilot programme under way in several maritime ports. A high priority should be accorded to the accelerated roll-out of this "single window" for improved customs procedures. These procedures also need to be better aligned across all members of the EAEU, not just Russia. Intensified effort will also be needed by Russia and other members of the EAEU to reduce and eliminate the significant number of non-tariff measures and regulatory requirements that continue to chill trade flows, including within the EAEU itself.

The Ease of Doing Business

3.16. There are a series of indices that are used to rank and rate the ease of doing business in Russia. These include, for instance, indices which assess customs procedures or trading across borders – aspects where there is some work still to be done by Russia in this area.

² https://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm accessed on 17 September 2016.

³ See for instance: F. G Carneiro (2013) *What Promise does the Eurasian Customs Union Hold for the Future?* The Economic Premise, World Bank, Washington, February, Number 108.

⁴ See for instance: Bertelsmann Stiftung (2016) *Free Trade from Lisbon to Vladivostok*, Guetersloh.

3.17. One particular index usefully draws together a set of variables that arguably provides the most complete picture of the 'ease of doing business' in a particular country. This is the World Bank's eponymous index of 'the Ease of Doing Business'.

3.18. Immediately after WTO accession in 2013, Russia was ranked 112th on the World Bank's Ease of Doing Business index. Currently, it is ranked 51st. This is a rapid and marked improvement over three years.⁵ Nevertheless, for a G20 Member of Russia's standing it cannot be satisfied with a ranking outside of the top twenty. It is encouraging therefore that Russia has a long-standing programme in place that has an explicit target to move its ranking to 20th in the World Bank Index by 2018 "and maintain that position by 2020".⁶ In fact, securing a place in the upper portion of the top twenty should be the level of ambition that drives the next phase of Russian reforms in this area.

Import Substitution and Trade Policy

3.19. Perhaps most significantly in structural terms, including the long term trajectory of Russia's trade policy has been the recent re-invigoration of a policy of import substitution. As a supplement to this, if not directly related there is a matter worth reflecting on regarding the increasing role of state-owned enterprises in the domestic economy and trade. Import substitution as a formal policy mechanism was enacted through the establishment in August 2015 of the Governmental Commission on Import Substitution.⁷ In fact, import substitution was already an active policy since 2014 for the agriculture sector.

3.20. In terms of the functioning and structure of this instrument and indeed the role of state owned enterprises therein, there is a considerable amount of written material available about this Commission on Russian Government websites. This is to be commended, though one does need to be able to read Russian to access the relevant material in this specific instance.

3.21. Several Members have asked about the role which the Commission on Import Substitution has in domestic policy setting. It is somewhat unclear, for instance, how this mechanism facilitates the role that trade and competition – i.e. including exports and imports of goods and services – plays in driving domestic innovation and growth. There is also a risk that this policy of import substitution will create a number of rent seekers domestically who will have a vested interest in sustaining a mechanism over time that, according to the relevant legislation (Number 758), is intended only to be a temporary measure. Moreover, the role of state-owned enterprises in this process is an area of some interest to Members. It would be useful for Members to understand how products and projects are identified as suitable for import substitution. What review mechanism is utilised to keep the indicative list of such products and projects updated to reflect both external and internal developments? Is there scope for foreign suppliers and domestic importers to engage on the list of import substitutable projects and products? Further information on these matters will be appreciated by Members.

Sectoral Issues: Trade and Agriculture

3.22. Prior to 2014, Russia's agriculture sector was an increasingly competitive and outward looking one. Its overall output growth had expanded considerably between 2003 and 2013 and this had been driven by very sharp increases in Total Factor Productivity (TFP). In fact, Russia's TFP in agriculture is well above the global average.⁸

3.23. In the meantime, the ongoing transition to fully implement Russia's accession commitments in agriculture is still under way. By way of example, the average tariff for all agricultural products in 2011, i.e. before accession, was 13.2%. In accordance with the Protocol of Accession, the transitional phase since then has in fact led to an overall increase in tariffs to 17.6% in 2012. This has been followed by a gradual decline to 14.6% this year. By the end of the transition period

⁵ <http://www.doingbusiness.org/data/exploreeconomies/russia/> accessed on 10 September 2016

⁶ See in particular: Government of the Russian Federation Number 467-r of 29 March 2013 which included a specific objective of moving from its then 120th ranking to 20th by 2018.

⁷ Government of the Russian Federation Resolution Number 758 of 4 August 2015.

⁸ OECD (2016) *Agricultural Policy Monitoring and Evaluation 2016*, OECD, Paris.

the average tariff for agricultural goods will be 10.8%.⁹ As noted earlier, this average rate is comparable to other recently acceded Members but it compares favourably with the tariff regimes of certain "older" WTO Members. As with the wider tariff regime, Russia is again to be encouraged for transparency and efficiency reasons to move to *ad valorem* tariffs rather than the mixed rates which remain a feature of certain parts of the agriculture-related section of Russia's schedule of commitments.

3.24. Since 2014, the Government's agricultural policies appear to have shifted. In particular, there has been an intensification of focus on self-sufficiency in agriculture. This was detailed in the Russian Federation's Doctrine of Food Security launched in 2010, though substantive implementation only commenced in 2014. The results have been mixed. The importation of agricultural products, for instance, remains significantly greater than exports. In fact, despite stated commitments to diversify agricultural exports, the country's dependence on wheat exports remains, with this product alone accounting for nearly a third of all exports in 2015.¹⁰ In the meantime, some imports have increased while the declines in other sectors are marginal. While the bi-directional sanctions between Russia and some of its partners have been a factor in the changing fortunes of the sector, as well as the issue of transit arrangements, they are not the only reason for the sector's difficulties. The challenges the sector faces are structural. It is clear that import substitution policies risk having the reverse intended effect, creating an uncompetitive and inefficient system over time. A reinvigorated reform process would address many of these in an efficient and effective manner.

3.25. In terms of domestic support to the agricultural sector, Russia has a longstanding tradition of intervention in this area. Its accession to the WTO took this historical commitment to the sector into account and Russia is transitioning the reduction of its total trade distorting support to the agriculture sector to US\$4.4 billion by 2018. It is also positive that part of the accession process includes an agreement to avoid excessive concentration of support on individual products¹¹ and, like other recently acceded Members, Russia has also eliminated all of its agricultural export subsidies. Again, with regard to export subsidies, this is something which other 'older' WTO Members with such entitlements have only recently agreed to do at the end of last year through the Nairobi WTO Ministerial.

3.26. It should be noted too that Russia's notifications in several areas are not up to date. This needs to be urgently rectified. It is also important as a factual matter, however, also to acknowledge that in terms of its compliance with notification commitments for both agricultural domestic support and export subsidies for agricultural products. Russia is one of only twenty-nine WTO Members that is fully compliant with its notifications to 2014. Indeed, of these 29 Members, Russia is one of only four developed WTO Members that is up to date.¹²

3.27. This review has already highlighted the potential role of the Eurasian Economic Union (EAEU) in catalyzing improvements for the bloc's trading partners. In this context, it would be interesting to understand how the EAEU is engaged in the Russian agriculture sector. The Russian-language website for the EAEU, for instance, notes that agricultural policy coordination is an area of expanding interest and engagement for the Eurasian Economic Commission.¹³ There is an existing agreement on, for instance, Unified Rules for State Support for Agriculture.¹⁴ More information on what this involves would be welcomed.

⁹ https://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm accessed on 18 September 2016.

¹⁰ WTO (2016) *Trade Policy Review: Russian Federation*, Geneva, WT/TPR/S/345, Table 4.2

¹¹ https://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm accessed on 18 September 2016.

¹² The others are Australia, New Zealand and Norway (JOB/AG/80 of 20 July 2016 refers)

¹³ See for instance the range of material on: http://www.eurasiancommission.org/ru/act/prom_i_agroprom/Pages/default.aspx accessed on 18 and 19 September 2016.

¹⁴ http://www.eurasiancommission.org/ru/act/prom_i_agroprom/dep_prom/projects/Pages/default.aspx accessed on 17 September 2016.

Systemic Issues: Preferential Trade Agreements and the WTO: Trade and Fossil Fuel Subsidies

3.28. There are a range of systemic issues that Members have identified for consideration through their questions and engagement in past Trade Policy Reviews. Indeed, given the focus of the TPR process on how policies may affect the multilateral trading system, the inter-action between preferential trade agreements and the multilateral trading system is of particular interest. Specifically, there is the question of how the former can be "building blocks" rather than "stumbling blocks" to the latter.

3.29. This is not an academic point. Paragraph 28 of the WTO Ministerial Declaration in Nairobi reaffirms Members' wish to ensure that preferential arrangements "remain complementary to, not a substitute for" the multilateral trading system. Further, Ministers have instructed additional work in this area, including enhancing the transparency of these arrangements.¹⁵ This is important work, particularly if we are to manage the risk of what Professor Bhagwati called "the termites in the system."

3.30. In this regard therefore, it is interesting to note that Russia through the EAEU is seeking to expand its network of preferential trade arrangements, including to the Asia-Pacific in which of course two-thirds of Russia's territory lies. Given the accelerating level of economic integration underway across the region already, not least through the range of ASEAN+ agreements, as well as the non-trivial development of two mega-regionals - the recently concluded Trans-Pacific Partnership Agreement and the Regional Comprehensive Partnership Agreement (or the ASEAN+6 FTA)¹⁶ – Russia and the EAEU will want to move swiftly to engage on processes that can catalyse integration.

3.31. At this point, however, neither Russia, nor the EAEU is involved in any of these processes. There is considerable interest therefore in the approach Russia is likely to take to deepen its integration with this dynamic region. In the meantime, it will be important for Russia and the EAEU in their areas of trade competence to negotiate high quality and comprehensive outcomes as they conclude their first suite of preferential trade agreements in the region. This will reassure the region and WTO Members more generally about the contribution that Russia can make to economic integration and supporting the multilateral trading system. The opposite signal, i.e. for low quality and less than comprehensive outcomes from its FTA agenda will not be helpful, neither to the region nor indeed to efforts by the EAEU or Russia to deepen their integration and to be actively invited to and included in the dynamic integration processes already well under way in the region.

3.32. In this regard, the level of ambition being displayed by Russia and the EAEU at least in terms of the number of negotiating partners suggests a busy forward agenda of FTA negotiations. This will be of ongoing systemic interest to many Members. As noted above, the early signals Russia sends about levels of ambition and commitment to high quality and comprehensive outcomes will be carefully monitored. In this context, the recently concluded preferential agreement with Viet Nam will be a litmus test. Once this agreement comes into force, Russia and its fellow WTO Members of the EAEU will be expected to notify this outcome consistent with the relevant WTO obligations. Further information as to how this agreement therefore meets the test of comprehensiveness and quality as well as its role as a 'building block' to multilateralism will be appreciated.

Fossil Fuel Subsidies and Trade

3.33. Another area that has become of increasing systemic interest to Members through the Trade Policy Review process is the issue of fossil fuel subsidies. Such incentives have both trade distorting and environment-related effects.¹⁷ Moreover, the link between reform in this area, the multilateral trading system, policy coherence and achieving UN Sustainable Development Goal 12 is obvious.

¹⁵ The Nairobi Declaration is available at: https://www.wto.org/english/thewto_e/minist_e/mc10_e/mindecision_e.htm Accessed on 19 September 2016.

¹⁶ RCEP includes the ten ASEAN Members, Australia, China, India, Japan, Korea and New Zealand.

¹⁷ On the trade effects of fossil fuel subsidy reform see in particular J Burniaux, J Chateau and J Sauvage (2011) *The Trade Effects of Phasing out Fossil Fuel Consumption Subsidies*, *OECD Trade and Environment Working Papers*, 2011/05, OECD, Paris.

3.34. Russia's subsidies to fossil fuels are focused on producer measures and involve tax concessions or targeted reductions in export duties for oil and gas. The International Energy Agency has also identified subsidies through dual or under-pricing of electricity and natural gas.¹⁸ Reform of such incentives will deliver both trade and environmental benefits both domestically and globally.

3.35. In this context, the recent reduction of some export duties for oil and gas by Russia is, on the face of it, an example of sound trade policy. That said, it is worth noting that the measures that appear to have replaced these duties have had perverse effects, including the selective increase of production from particular fields or in particular regions (e.g. East Siberia or the Caspian Sea). This may be an issue worth focusing on as Russia considers the next phase of its reforms. Russia is also to be commended for the fact that refined petroleum products in Russia are not under-priced at the retail stage.¹⁹

3.36. In terms of specific policy suggestions through this Trade Policy Review, Russia is encouraged to actively consider joining other WTO Members in participating in a peer review of its policies in support of fossil fuels.²⁰ In addition, Members may be interested to discuss how trade policy reform in this area can contribute to enhanced welfare effects at the domestic economy level as well multilaterally not least as a way to achieve the objective set out by Leaders through UNSDG 12.

Conclusion

3.37. Taken together, the reforms codified in Russia's Accession Protocol are significant and far-reaching. The Secretariat's report combined with Members' questions underlines two things. First, the progress that the Russian Federation has made since accession has been considerable. Second, the period after 2014 remains a work in progress and in some areas more work and an intensified process of reform will be needed. It is to be hoped that this TPR can assist in the forward process.

3.38. More generally, and in order to leverage the full benefits of Membership and its participation in a rules-based international trading system, Russia is encouraged to utilise the WTO as a whole. This means not only being active in its negotiating processes, though this is important, but also through Russia's active engagement in regular committee work across the institution. In this way, trade policy in Russia can be a reinforcing instrument that complements and supplements its domestic reform agenda.

3.39. Finally, it is to be hoped that a focus through this set of remarks as part of the TPR – structural; sectoral; and systemic – can assist Russia's ongoing reflection of both the direction and pace of its post-accession reform agenda. In this way, the constructive engagement by all Members on technical and substantive trade policy issues during the TPR process over the coming two days will matter. If this is achieved, the TPR will have made a measurable contribution to helping the Russian Federation achieve its ambitious trade policy objectives and helped us collectively to sustain and reinforce the multilateral trading system over time.

¹⁸ Respectively US\$22.1 billion and US\$17.5 billion last year. The full IEA dataset is available here: <http://www.worldenergyoutlook.org/media/weowsite/2015/Subsidies20122014.xlsx> accessed on 20 September.

¹⁹ The exception, however, is of diesel fuel used in the agricultural sector.

²⁰ The US and China recently concluded their peer reviews through the G20 which is available here: <http://www.g20.org/English/Documents/Current/index.html> accessed on 20 September 2016. New Zealand and Peru have undertaken peer reviews through the APEC process. New Zealand's review is available here: <http://www.mbie.govt.nz/info-services/sectors-industries/energy/international-relationships/apec-fossil-fuel-subsidy-reform-peer-review> accessed on 20 September 2016.

4 STATEMENTS BY MEMBERS

MALAYSIA ON BEHALF OF ASEAN

4.1. I am making this statement on behalf of ASEAN.

4.2. The Russian Federation was ASEAN's eighth largest trading partner in 2014. After a decade of consistent trade growth from a modest US\$4.2 billion up to 2014, where total trade peaked at US\$23 billion, trade contracted significantly in 2015 to just over US\$13 billion. Despite challenging economic conditions, Russia remains to be one of ASEAN's major trade trading partners.

4.3. Recognizing the potential for enhanced economic and trade cooperation, both sides have agreed to enhance ASEAN-Russia trade and economic relations. This includes encouraging our private sector and SMEs to explore business opportunities with each other. Recent examples of such exchanges were the ASEAN-Russia Business Forum held in May 2016 in Sochi, Russia, followed by Russian Business Missions to ASEAN including in Brunei Darussalam, Indonesia and Viet Nam.

4.4. At the Fourth ASEAN Economic Ministers and Russia Consultations held in August 2015 in Kuala Lumpur, Ministers endorsed the Post-2015 ASEAN-Russia Trade and Investment Cooperation Work Program which is expected to deepen economic ties and enhance trade and investment relationship. Russia also submitted a list of 57 new projects to be annexed to the ASEAN-Russia Trade and Investment Roadmap which include areas such as technology, agriculture products, energy, and tourism as key areas for growth.

4.5. We share the view of Ambassador Vitalis of the importance of stepping up engagement with ASEAN, one of the fastest growing regional groupings.

4.6. We very much welcome the Federation of Russia's active engagement in the WTO since its membership. In this, we welcome her ratification of the Trade Facilitation Agreement which we hope can be fully implemented soon.

4.7. We also express our thanks to Ambassador Gennady Ovechko and the colleagues in the Russian Mission for their constructive engagement with the ASEAN delegations here in Geneva.

MALAYSIA

4.8. We commend the Russian Federation for its commitment to liberalize the trade regime at acceding the WTO. This includes improvement of access for goods and services, and help participation in the Plurilateral Information Technology Agreement. We encourage the Russian Federation to join the expanded ITA, currently with 24 participants including Malaysia. We look forward to Russia's continuous integration and reforms under these rules based multilateral trading system.

4.9. We noted that the Russian economy was hit hard in 2015, as most of us, particularly by the weakening crude oil prices and the depreciation of the Rouble. We therefore welcome the steps taken by the Russian Federation in stabilizing the situation and setting the foundations for recovery.

4.10. Although bilateral trade in 2015 saw a decline of up to 40%, for the first part of this year we saw that trade has picked up by some 3%, which is encouraging and up to US\$2.9 billion. There is certainly a big room for improvement for our bilateral trade.

4.11. It was noted too that Russia is a favorite destination for students looking for affordable medical education. We have over 2 000 students currently studying in universities in Russia.

4.12. There are additional written questions from our capital. While we welcome the reforms undertaken over the review period, we are interested to learn more about the Auto Investment Programme and the progress of eliminating WTO inconsistent measures under the said programme. We also seek further elaboration of changes to the existing tax regime on crude oil given that this may affect the foreign establishments in Russia.

4.13. We also note that Russia imposes customs clearances and charges for customs escort of goods and storage. We would like to know the take-up rate in terms of quantity and data and the movements of goods transported into and towards the Russian Federation.

4.14. We wish to highlight that there is great interest among our business community in exploring opportunities in the Russian Federation. It would certainly be helpful to our businesses to have comprehensive trade technical information readily available in English on the Russian customs website.

OMAN

4.15. The Sultanate of Oman and the Russian Federation enjoy excellent political as well as economic relations. Oman anticipates that these relations will further expand and strengthen in the coming years to the mutual benefit of both countries.

4.16. The Russian Federation is a strong supporter of the multilateral trading system. It is a firm believer in the role the WTO has played and will continue to play in providing a rules-based system for the conduct of world trade and the liberalization of international trade. The Russian Federation is of the view that there exists an imbalance between the rights and obligations of the original WTO Members and Article XII Members. It calls for the elimination of such imbalances, a sentiment which the Sultanate of Oman fully shares.

4.17. Oman is pleased to note that the Russian Federation's efforts to diversify its economy from mineral resources are meeting with success. According to the Secretariat Report, in 2015 services accounted for 62.3% of GDP followed by manufacturing at 13.6%, mining and quarrying at 9.5%, construction at 7.0%, and agriculture and related activities at 4.0%.

4.18. It is encouraging to note that since accession the Russian Federation has been able to reduce the MFN applied tariffs from a simple average of 11% to 8.3%.

4.19. Since 1 January 2015, the Russian Federation as a member of the Eurasian Economic Union has been applying the common external tariff.

4.20. The Russian Federation has taken various steps to simplify customs procedures and thus improve efficiency for both importers and exporters. It has made significant commitments in trade in services and as part of its WTO commitments has liberalized important services sectors including the telecom sector.

4.21. Oman commends the Russian Federation for adhering to the rules and disciplines of the WTO. It has been abiding by its commitments under the multilateral trade agreements. Its policies and practices have no doubt a positive impact on the functioning of the multilateral trading system. We would like to thank the Russian Federation for their active engagement and positive role in the Group of Article XII Members.

CANADA

4.22. Russia's accession to the WTO in August 2012 was an important and welcome step. Canada acknowledges the efforts of the Russian Federation in completing its first Trade Policy Review and welcomes the work Russia has undertaken to meet its WTO obligations.

4.23. Russia's economic picture has changed markedly since its accession. The strong growth of the Russian economy in 2010-12 was followed by slowed growth in 2013 and 2014 and a significant contraction in 2015. While the Russian economy has, to a great extent, been able to cope with the global challenge of weak commodity prices, it has also been negatively affected by the risk and uncertainty arising from its own actions on the international stage and by continued structural challenges which impede the progress of its private sector. The Russian Federation has within its power to take the actions necessary to alleviate these challenges. Canada would welcome such developments.

4.24. Looking first to the structural challenges that impair the performance of the Russian economy, I would point to two areas where sustained efforts would support economic growth-

continued work to reduce the involvement of the State in the economy, and efforts to both address corruption and improve the business environment. The State continues to be heavily involved in the Russian economy, by virtue of direct ownership and its administrative and regulatory presence. State-owned enterprises comprise roughly half of Russia's GDP, and have a dominant position in key sectors including banking, transport, and energy. This diminishes overall efficiency, productivity, and competition. The Government's over-involvement in these sectors also exacerbates the harmful effects that low global commodity prices and slow economic growth have had on Russia's economy. We welcome efforts already made by the Russian Federation to reduce the number of State owned enterprises and call for additional work in order to achieve a more efficient capital allocation and a more competitive private sector.

4.25. Regulation can promote strong governance practice, deal effectively with a range of externalities and encourage the growth of a healthy private sector. However, burdensome administrative and regulatory regimes discourage growth, both in Russia's private sector and in its investment climate. In this regard, I echo the recommendations of the IMF's most recent World Economic Outlook when I say that boosting potential economic growth in Russia will involve a concerted effort to address the disproportionate effect of the State in its economy, including through greater competition, lower administrative barriers and regulation, and stronger governance.

4.26. The Russian economy also continues to be adversely affected by corruption. Despite efforts including ratification of the OECD's Anti-Bribery Convention, investors still point to corruption as a major concern for their operations in Russia. More specifically, foreign investors report that they face worryingly high levels of corruption from law enforcement officials. According to the OECD's Phase 2 Follow-Up Report on Corruption and Bribery this year, Russia has only partially implemented 21 out of 50 anti-corruption recommendations and failed to implement 19. Canada encourages Russia to continue to make efforts in addressing this important concern.

4.27. Turning to the international stage, and underlining that this is not a political forum, it bears observing that some of Russia's actions in the non-trade sphere have contributed to an uncertain business climate, including sanctions and some issues that are now before the WTO's dispute settlement mechanism.

4.28. At the same time, Russia's concurrent engagement of the Eurasian Economic Union (EAEU), beginning in 2015, appears to have sometimes strengthened and sometimes weakened its pursuit of fulfilling its WTO obligations. Canada notes Russia's sometimes competing objectives in these two bodies. On the one hand, Russia has sought to implement some of its WTO commitments through EAEU measures including, for example, the broader enforcement of IPRs. On the other hand, Russia has been found to be applying tariffs on goods under the Common Customs Tariff of the Eurasian Economic Union in excess of its Schedule of Concessions including, for example, on paper and refrigerators. It is our view that when international trade objectives are pursued inconsistently across competing organizations, these may further risk damaging Russia's economy and undermine the multilateral trade system which benefits Russia. Therefore, while Canada welcomes Russia's efforts to work multilaterally and plurilaterally to strengthen the international trade framework, but cautions against efforts that detract from the pursuit of a global, transparent and coherent trading system.

4.29. Within the WTO, Canada notes Russia's active participation in dispute settlement both as complainant and respondent. We also note with interest Russia's plan to begin negotiations to accede to the GPA in the second half of this year, and continue to welcome and support Russia's pursuit of its international trade objectives in the WTO.

4.30. Canada hopes that these recommendations will support Russia's efforts at the WTO. We have also prepared a set of questions touching on some of themes previously mentioned, including coherence between EAEU regulations and WTO rules, particularly in the spheres of SPS and TBT, as well as other issues such as government procurement and government support for the agriculture section. Canada looks forward to receiving responses from the Russian Federation.

AUSTRALIA

4.31. Australia welcomes the opportunity to participate in the Russian Federation's first Trade Policy Review. The review process is an important step in Russia's further integration in the global economy.

4.32. The Reports of the Secretariat and of Russia, as well as the issues raised by Member States in their advance written questions, reveal a range of areas where further reform is either required or where there are concerns about increased protectionist sentiment and practices. Clearly, current political tensions are affecting policy settings and constraining trade. We must be realistic about this. But even as we counsel Russia against encouraging protectionist policies we also acknowledge and commend the progress that has also been made in liberalising trade and investment, largely as a result of Russia's WTO Accession.

4.33. We encourage Russia to take further steps on the road to economic reform. We believe this will require addressing issues such as excessive regulation, weak governance, inadequate competition in goods and services markets and significant government interventions in the economy that have discouraged trade and investment. It will also require efforts to resist and reverse, as I said previously, the self-damaging effects of protectionist policies and practices.

4.34. Australia has a modest trade relationship with Russia, with two-way merchandise trade worth AUD 874 million in 2015, making Russia Australia's 44th largest trading partner. Growing bilateral trade, particularly in the mining equipment, technology and services (METS) sector and in the education sector, is supporting modernization and enhancing productivity in Russia. Australia looks forward to future growth in bilateral trade in these, and other, sectors.

4.35. Australia commends the Russian Federation on having ratified the WTO Trade Facilitation Agreement (TFA) in April 2016. Australia would welcome any new efforts by Russia to facilitate and streamline procedures related to quarantine and customs clearance. In particular, harmonizing - and clarifying - regulatory requirements for imported foods and coordinating border inspection and clearance systems for imports to Russia would lower costs for importers and, in turn, domestic consumers. Accordingly, Australia welcomes advice that the Eurasian Economic Commission (EEC) is developing a single-window for customs procedures, which is, of course, a component of the WTO TFA.

4.36. Currently, Russia represents less than 1% of Australia's agricultural exports, with Russian policy settings currently preventing growth in trade in many sectors. In addition, technical barriers to trade in agricultural products create additional challenges for Australian exporters. We encourage Russia to ensure its measures are consistent with international standards and guidelines.

4.37. The challenges currently faced by the Russian economy, including the global decline in oil (and other commodity) prices, highlight the importance of pursuing growth strategies that support a flexible, versatile and resilient economy. Although there are some positive signs for the Russian economy, with the latest IMF figures predicting Russian GDP to grow by 0.8% in 2017, the delay in structural reforms, weak investment, and more recently, moves to restrict trade liberalization, are affecting the potential for further economic growth.

4.38. Australia's own experience of trade liberalization and economic reform has demonstrated that while the process can be painful in the short-term, the long-term benefits are clear. This year Australia has realized 25 years of continuous economic growth – an achievement that is a clear indicator of the value of open markets and international trade in creating a sustainable and resilient economy. We encourage Russia to reduce barriers to trade and to deepen its integration into the global economy.

4.39. Finally, we would like to thank the Russian Federation for its responses to Australia's written questions.

SWITZERLAND

4.40. Accession to the multilateral trading system four years ago was a landmark for both the Russian Federation and the WTO. On the part of the Russian Federation, it implied wide-ranging reform efforts and the establishment of a generally liberal trade regime. For WTO, it represented a big step towards universality.

4.41. As reflected in the reports by the Russian Federation and the Secretariat, reforms have continued in various fields since 2012, implementing commitments undertaken at accession as well as pursuing a broader agenda of modernization and internationalization.

4.42. We welcome these advances made over the past four years in various fields, such as customs and IPR, which have contributed to lifting the Russian Federation to position 51 in the World Bank's latest Doing Business Report.

4.43. Since 2013, economic and political shocks have strongly impacted the Russian Federation's economy and its terms of trade, facing the Government and the Central Bank with a number of major challenges. Switzerland welcomes the recent signs of stabilization and recovery, including with respect to the Rouble and to inflation.

4.44. At the same time, we note that about half of the Russian GDP is still generated by state-owned or state-controlled enterprises and that the privatization programme for the period 2014-16 has come to a halt. We encourage the Russian Federation to resume that programme as soon as possible, enhance corporate governance of remaining state-owned enterprises and inform the WTO membership about relevant developments in line with notification commitments made upon accession.

4.45. Another area of concern for Switzerland are recent policy and regulatory developments pertaining to import substitution and accompanying localization requirements, including for pharmaceutical products and in government procurement. Such measures can undermine competitive markets and the participation of Russian producers in international value chains.

4.46. Switzerland welcomes the Russian Federation's recent communication to initiate accession to the GPA, as well as regulatory and institutional progress made during the reporting period on government procurement. We believe that further strengthening transparency, the rule of law and the fight against corruption holds great potential for efficiency gains, in government procurement and the economy at large, and look forward to engaging with the Russian Federation in the GPA.

4.47. We note the Russian Federation's objective to massively reduce the country's high energy intensity over the coming years, as part of efforts to diversify and upgrade the economy away from mineral resources. In this context, Switzerland encourages the Russian Federation also to address fossil fuel subsidies in line with its G20 commitment and the goals set by COP21.

4.48. Switzerland ranks among Russia's top ten partners for foreign direct investments, with sizeable two-way flows and FDI holdings. Our enterprises investing in the Russian Federation acknowledge steady improvements of the business environment in recent years. At the same time, they still see significant room for further strengthening of various aspects, notably with respect to implementation of regulations and to legal certainty.

4.49. Before concluding, I would like to express Switzerland's appreciation for the Russian Federation's active and constructive role played in the WTO and in support of the Multilateral Trading System since accession. We look forward to further engagement in view of MC11 and beyond.

SINGAPORE

4.50. Singapore appreciates the Russian Federation's efforts to integrate with the multilateral trading system, further regional economic integration, and liberalize its trading regime. Russia's undertaking of commitments in its accession to the WTO, as well as the entry into force of the Eurasian Economic Union (EAEU) Treaty on 1 January 2015, have been major milestones in this process.

4.51. Russia has made extensive economic restructuring efforts since its WTO accession. In the area of intellectual property rights (IPR) protection, Russia has passed long-awaited legislation, as well as established its Intellectual Property Rights Court in July 2013. The revisions made to Russia's Civil Code are considered one of the major legislative initiatives since the first Part of the Civil Code was adopted in 1995. We note that Russia's ranking in the World Bank's Ease of Doing Business Report has improved tremendously since its WTO accession. Russia ranked 51 in the 2016 Report compared to 120 in the 2012.

4.52. These positive developments have also been reflected in our bilateral trade relationship, which has grown significantly since Russia's WTO accession. Total bilateral trade in goods between Singapore and Russia grew at a compound annual growth rate of 13.11%, from S\$4.68 billion in 2011 to S\$7.66 billion in 2015, making Russia our 21st largest trading partner worldwide. Singapore companies have found that with Russia's integration into the rule-based multilateral trading system, they have had greater and more predictable access to Russia's market.

4.53. At the WTO, Russia has been consistent in advocating the strengthening of the WTO as the main platform for multilateral trade negotiations, as well as the development and enforcement of the multilateral trade rules. We note Russia's good track record of making regular notifications to the WTO and that there were only few outstanding notifications at the end of 2015. We hope that Russia would deal with the outstanding notifications as soon as possible. We welcome Russia's deposit of its instrument of acceptance of the Trade Facilitation Agreement in April 2016, as well as Russia's intentions to proceed with the Government Procurement Agreement accession negotiations. We encourage Russia to also accept the Protocol Amending the TRIPS Agreement. We further encourage Russia to address the issue of applied tariffs exceeding its bound tariff commitments for some tariff lines which was highlighted in the Secretariat's report.

4.54. Singapore looks forward to continuing our close cooperation with the Russian Federation in the WTO, and the EAEU, to further our common goal towards deeper and more progressive trade liberalisation at all levels. We commend the commitment of Russia to the multilateral trading system and the constructive contributions of Russia's Permanent Representative Ambassador Gennady Ovechko and his able team. Finally we thank the Russian Federation for their timely responses to our questions and wish them every success in their first Trade Policy Review.

MEXICO

4.55. I shall begin my substantive statement by joining other delegations that spoke before me in congratulating Russia for the efforts it has made to integrate into the multilateral trading system. Last year, Mexico and Russia celebrated 125 years of diplomatic relations. Our trade relations have grown much closer since Russia's entry into the WTO. Imports of Russian products into Mexico increased by 88% between 2008 and 2015, while exports of Mexican products to the Russian Federation rose by 73% over the same period. Mexico welcomes this performance and trusts that our relationship will continue to grow.

4.56. Russia is the biggest country in the world and the world's tenth largest economy. It also has abundant natural resources ranging from wood to natural gas and oil.

4.57. We note from the reports that state-owned enterprises continue to play a very important role in the Russian economy, being involved in numerous activities from the extraction and export of natural resources to the provision of financial services. These enterprises account for almost 50% of GDP. We also note that seven-tenths of Russian exports consist of crude oil, petroleum oils, natural gas and mineral products. Such an export profile means that the Russian economy is largely dependent on international oil prices.

4.58. Over the period 1999-2008, GDP grew at an average annual rate of 7%, but rose by only 4.1% between 2010 and 2012, owing to the slump in oil prices. The Russian economy contracted by 3.7% in 2015. As other delegations have emphasized, this points to the need for a strategy geared towards greater diversification of Russian production and exports.

Tariffs

4.59. Russia applies a simple average MFN tariff of 8.3%. The rate is 14.6% for agricultural products and 6.5% for non-agricultural products. Although the average applied rate remains close to the average bound tariff, we note that more than 2,000 tariff lines are still subject to reduction commitments, which we hope will be made in the future.

Trade facilitation

4.60. Turning to trade facilitation, my delegation congratulates Russia on having deposited its instrument of acceptance in April of this year. This was largely made possible by the significant steps taken by Russia regarding, for example:

- the draft Customs Code of the Eurasian Economic Union; and
- the Eurasian Economic Commission's plan of action for the staged implementation of a single window system, among other measures.

Ease of doing business

4.61. My delegation highlights Russia's performance, as described in the World Bank's *Doing Business 2016* report cited by other delegations, where the country scored an enviable 5th position in enforcing contracts and was ranked 8th in registering property, 29th in getting electricity and 41st in starting a business.

4.62. Nonetheless, we are concerned to note that Russia came 170th out of 189 countries in cross-border trade, mainly because of the number of hours needed to meet border requirements and the number of documents required. Although the Russian authorities have already clarified the situation, we would urge Russia to continue streamlining these procedures, which will undoubtedly be facilitated by the effective and prompt implementation of the Trade Facilitation Agreement.

4.63. Likewise, we would encourage the Russian Federation to continue simplifying its regulations and preventing State enterprises from distorting the market, and to pursue its efforts to combat corruption.

Obstacles relating to goods in transit

4.64. Lastly, I would like to express my delegation's systemic concern about the measures introduced by Russia to restrict the transit of products from another WTO Member and other forms of economic retaliation against other Members, as well as the sanctions imposed on Russia by certain Members, without following the procedures laid down in the WTO Dispute Settlement Understanding. I would also like to urge the Members involved to come to a negotiated solution and not to allow political conflicts to escalate to the point of affecting other WTO Members and the multilateral trading system as a whole.

Conclusion

4.65. I will end my statement by encouraging Russia to pursue its process of transition to a market economy, and thank it for its responses to the questions already submitted by my delegation.

CHINA

4.66. The Russian Federation became the 156th WTO Member in August 2012. As a fellow article 12 Member, China deeply understands the difficulties and challenges in implementing the accession commitments. Therefore, we highly appreciate the tremendous efforts and achievements made by Russia to live up to their binding commitments on trade and investment liberalization.

4.67. Since its accession to the WTO, the Russian Federation has been engaged in creating a business friendly environment both for trade and investment. It has established high-tech parks, industrial clusters and special economic zones (SEZs) and offered preferential treatments to

foreign- and domestically-funded enterprises therein; it created a market environment for fair competition by enabling the Federal Antimonopoly Service of Russia (FAS) to focus on serious violations of the Law On the Protection of Competition; and strengthened intellectual property enforcement by amending the IP chapters of the Civil Code in 2014 and establishing the Intellectual Property Rights Court.

4.68. China firmly believes that a rules-based, transparent, non-discriminatory, open and inclusive multilateral trading system serves the interests of all. It is important that all the trade and investment related measures, including those adopted by some members on Russia should be WTO-consistent.

4.69. Russia has also actively participated in the negotiations to expand the Information Technology Agreement, ratified the Trade Facilitation Agreement in April 2016, and started negotiations to accede to the Government Procurement Agreement accession. In addition, Russia has duly performed its transparency obligations and regularly notified the implementation of its relevant domestic trade policies to the WTO. We also hope that, in the future, Russia may further open its market, optimize the investment climate and improve the level of trade facilitation. We highly commend all these positive developments which have taken place since Russia's Accession in 2012.

4.70. The Russian Federation and China have a long history of friendly relations. The two countries are important trade and investment partners. China is Russia's biggest trading partner and the fourth biggest source of investment. The bilateral trade between China and Russia has generally maintained rapid growth in recent years. In 2014, the bilateral trade volume reached a record level of US\$95.28 billion. From January to August 2016, the bilateral trade volume was USD\$44.3 billion, expanded 1% compared with the same period of last year. In terms of investment, by the end of 2015, China's cumulative non-financial direct investment in Russia reached US\$10.03 billion and these investments were mainly distributed in energy, agriculture, forestry, building materials, communications and services, etc.

4.71. In recent years, the bilateral economic and trade structure has been further optimized, the trade volume of agricultural products has increased, the implementation of strategic major projects in energy, high-speed rail and cross-border infrastructures has been accelerated, financial cooperation has been constantly expanded, and cross-border e-commerce and other new trading patterns are also doing well. The Sino-Russian economic and trade cooperation, with its solid foundation, has huge potential and broad prospects.

4.72. With the deepening of bilateral economic and trade development between China and Russia, Chinese enterprises wish to learn more details of Russian economic and trade policies and regulations. We would hereby thank the Russian delegation for their reply to China's questions, which we will go through carefully.

EUROPEAN UNION

4.73. It has escaped nobody's attention that no specific mechanism was created to monitor the Russian Federation's implementation of its commitments (contrary to when the People's Republic of China and Viet Nam entered this Organization). Today is, therefore, an extremely important moment for the life of our Organization.

4.74. As many of you will recall, high expectations surrounded the accession of the Russian Federation. This review allows us to collectively confront these expectations with reality. It is with great regret that we must admit today that in the EU's view, the Russian Federation has so far not made the best use of the opportunities afforded by its membership, including transforming its economy and advancing on its objectives of modernization and innovation. We are concerned that instead of continuing the reforms introduced in view of its accession, the Russian Federation has moved down the path of import substitution that started the day after the Russian Federation joined this Organization.

4.75. The EU is of the view that this policy, is neither in line with the objectives and principles of the WTO, nor does it bring any of the benefits claimed. The Russian Federation's economy has not been strengthened, it has not acquired new pro-growth impulses, and its exporters have not

increased their share of international markets. At the same time Russian consumers have not received higher quality products and their choices have been narrowed.

4.76. The best illustration of this overall situation is the fact that the Russian Federation's trade with many of its partners, and not just with the EU, has shrunk since its WTO accession. Even though this reduction has to be examined in a broader context which takes into consideration the overall economic situation, including the fall of oil prices and the devaluation of rouble, it is telling that compared to 2014, its trade with China decreased by 30%, with the United States by 29% with Japan by 32% in 2015 according to calculations based on Federal Customs Service of Russia statistics.

4.77. The same trend holds true for trade with the EU. At the time of accession, the Russian Federation was the EU's third trading partner, now it is its fourth. Its trade with the EU decreased by 40% since 2012 and has now reached its lowest level since 2010.

4.78. This being said, the Russian Federation remains a key partner for the EU representing 6% of our total trade. For some of our Member States it is even the first external trading partner.

4.79. The EU continues to be most important source of FDI in Russia, despite the fact, that it is getting increasingly difficult for the Russian Federation to attract investment. A dramatic drop in FDI flows was recorded between 2013 and 2015, falling from US\$69 billion to US\$6 billion.

4.80. Multiple explanations can be put forward for this phenomenon. There is of course the restriction of the sectors where FDI is allowed. However, more generally, the main factor seems to be the lack of predictability of the conditions for doing business, as well as the opaque, ever changing legal environment. EU operators complain that this is a real obstacle: legislation changes too often and there is insufficient time for business to be consulted, nor is the legislation systematically notified to the relevant WTO committees in a timely manner for consultation. Once legislation is adopted, the entry into force does not leave time for operators to adjust (in order to implement the changes). The recent requirements regarding cement certification or the good manufacturing practices in the area of pharmaceuticals are just two examples among the many obstacles and lack of transparency that impede our trade.

4.81. There are unfortunately many more. These include the food ban imposed on the EU and a large number of restrictive sanitary and phytosanitary measures that the Russian Federation has introduced, often without proper risk assessment and in breach of international standards. Such measures have a strong distortive effect on trade in agricultural products.

4.82. Then there are the unilateral restrictions on road and railway transit from Ukraine to Kazakhstan and to Kyrgyzstan, both WTO Members. Compliance of these measures with WTO rules and principles is highly questionable.

4.83. All in all, the EU has raised about 110 questions to the Russian Federation, which, taking into account that this is the first review since the Federation acceded the WTO, should be viewed as a rather modest figure. We could have raised many more. Apart from the issues already mentioned, we raised concerns and clarification questions regarding the role of the State in the economy, the modalities of price controls, custom procedures that are not in compliance with commitments made during accession, alignment to international standards, IPR enforcement, local content requirements and subsidization among many other issues.

4.84. The EU very much welcomes this important opportunity for Members to express their views regarding the Russian Federation's overall implementation of its WTO commitments, even if in the different Committees and in the relevant working groups we have regularly expressed our specific trade concerns.

4.85. Differences are, of course, a normal occurrence in the WTO but the rapid increase in the numbers of formal disputes launched against the Russian Federation provides evidence of the problems just highlighted and suggests a worrying trajectory.

4.86. This being said, the EU hopes that the ratification of the Trade Facilitation Agreement and its future entry into force will lead the Russian Federation to adopt more business friendly and WTO

compliant custom procedures; that the full implementation of the SPS Agreement will be actively promoted and implemented without delays, because it would help to boost agricultural trade; and that the Russian Federation's recent notification of its intention to accede to the GPA will lead to a fundamental review of its legal framework for government contracting, in particular the abolition of the existing discriminations as the current system would not allow for accession.

4.87. Before concluding, the EU would like to recall that many of the competences of the Russian Federation have now been transferred to the bodies of the Eurasian Economic Union (e.g. tariffs, customs, trade defence measures, SPS and TBT). While this is a fundamental change, it remains that the Eurasian Economic Union is bound by the Russian Federation's commitments. In this context, it would be useful if the Russian Federation would use this meeting to report (preferably in writing) on the implementation of its commitments since its accession taking due account of the transfer of competences to the Eurasian Economic Union.

4.88. The EU strongly supported and actively contributed to the Russian Federation's accession. We hope that the Russian Federation now opts for maximizing the benefits of its membership to diversify its economy, use fully its comparative advantages and rich endowments and modernize its economy in compliance with WTO rules and in full transparency.

NORWAY

4.89. The Russian economy has great potential. The Russian Federation has extensive access to arable land, vast oil and gas reserves, a highly educated population and, in several areas, an advanced industry.

4.90. Since 2013, the Russian economy has experienced slowdown and contraction in real GDP growth rates, primarily due to the oil price slump amid insufficient diversification of exports. Restrictive measures and subsequent retaliatory import restrictions imposed by the Russian Federation have also played a role. The TPR report from the WTO secretariat points out that the economic uncertainty caused by these developments have contributed to capital outflows, a sharp decline in the value of the Rouble, and an increase in inflation.

4.91. However, the Russian Government's measures to deal with the economic challenges appear to contribute to stabilization of the economy. These measures include switching to a floating exchange rate regime, fiscal stimulus and an anti-crisis plan aimed at stabilising the banking sector. According to the IMF, there will be a 1.8% GDP contraction in 2016, but an expansion in 2017. In 2015, Russia was Norway's 15th largest source of imports and 20th largest export destination.

4.92. Challenges related to corruption, inadequate transparency, uncertainty in the area of rule of law, complexity of tax regulations, difficult access to financing, and inadequate respect for property rights nevertheless continue to be issues for investors in Russia. To secure continued development of the Russian economy, it will be important to build a predictable framework in the Russian market for traders and foreign investors, including the independence of the judiciary.

4.93. Both Russia and Norway attach great importance to the multilateral trading system. Working to demonstrate the credibility of the WTO and delivering on the outcomes from the Ministerial Conference in Nairobi is crucial. We urge Russia to consider membership in ITA II and other initiatives like the EGA.

4.94. As regards fossil fuels subsidies reform, we would encourage Russia to join other G20 members in utilizing the G20 peer review process to assist with reform of fossil fuel subsidies as a mechanism for reviewing fossil fuel policies.

4.95. Russia and Norway are both world leading maritime nations. Our maritime cooperation is significant, and we have a shared interest in working for open markets and fair competition in the international maritime transport services sector.

4.96. According to media reports, as well as reports by the International Chamber of Shipping, we understand that Russia is debating possible changes to its so-called "Subsoil Law", whereby the carriage of Russian "shelf hydrocarbons" might be restricted to Russian-flagged ships from 2020.

It is unclear to what extent these changes might apply to international trades in addition to cabotage. We believe that such a bill would be contrary to Russian GATS-commitments for maritime services, and urge Russia to reconsider.

4.97. Russia is one of the largest fishing nations in the world. As neighbours, Norway and Russia work together constructively on resource management. We note that Russia has a support programme in place, including for construction and reconstruction of fishing vessels. How is this support tempered to not contribute to detrimental overcapacity? We urge the Russian Federation to join actively in the WTO negotiations on fisheries subsidies. Already at this TPR, it would be beneficial for the membership to hear Russia's general views on this.

4.98. Finally, some concerns about seafood. Norway fully recognizes each WTO Member's right to set its own appropriate level of protection. From the experiences with inspections of seafood enterprises performed in Norway by the Russian Federation after its accession to the WTO, it is Norway's understanding that these inspections do not constitute a system audit of our competent authority, but instead target the individual enterprises. This is contrary to the Russian "Regulation on common system of joint inspections of objects and sampling goods (products), subject to veterinary control (supervision)" that confirms that system audits is the basic approach. We urge Russia to apply its own regulation and use systems audits.

4.99. The Eurasian Economic Union represents a large market and is an important vehicle for economic integration. We appreciate the written answer from the Russian Federation to our question on this. However, we would appreciate further clarifications as to whether the EAEU has one common list of enterprises that authorises access to this market or if each member of EAEU has its own individual list. If the latter is the case, what are the consequences of discrepancies in the individual member countries lists for the circulation of products in the EAEU?

4.100. Finally, we acknowledge Russia's progress, in the current challenging economic environment and we look forward to seeing the Russian economy achieve its full potential.

JAPAN

4.101. According to the Secretariat's report, because of the country's unstable political situation, the actual rate of Russia's GDP growth slowed from 2013 to 2014. Then in 2015 as a result of the drop in the price of crude oil, Russia's GDP went down again as far as -3.7%.

4.102. On top of that, financial sanctions and countermeasures adopted by Russia led to a rapid fall in the value of the rouble, and a rise in the rate of inflation.

4.103. Having said that, Japan highly evaluates Russia's measures to liberalize trade, including simplification and streamlining of customs inspections as well as tax-reduction measures in special economic zones.

4.104. Since Russia's accession to the WTO in 2012, the country has been steadily reducing its rate of customs tariffs. According to the Secretariat's report, in 2016 the average MFN tariff rate on agricultural produce was 14.6%, which represented a reduction in the rate to just slightly higher than the final tariff concession rate of 13.6%. Furthermore, the average MFN tariff rate on non-agricultural produce was 7.1%, which was below the final tariff concession rate of 13.6% and is helping to promote trade liberalization.

4.105. In addition, Japan commends Russia's measures towards greater liberalization of trade, including the country's participation in the Information Technology Agreement (ITA) as well as its participation as an observer in the Agreement on Government Procurement (GPA).

4.106. According to the Secretariat's report, Russia has already concluded RTAs with 10 countries and Japan welcomes this active promotion of trade liberalization on its part. We expect the RTAs that Russia has concluded to supplement and contribute to strengthening the multilateral trading system.

4.107. While Japan positively commends Russia on the contributions it has made since joining the WTO, we continue to hold some concerns.

4.108. To avail of the subsidies that were introduced by Russia this May, namely subsidies for after-sales, salary and energy, it is necessary to fulfil strict localization requirements. This has made it difficult for some foreign companies to avail of the subsidies. As such, Japan expects Russia to provide further information about those requirements, and to also consider relaxing the requirements for these subsidies. We believe that this will help to ensure that foreign corporations, which are contributing to Russia's economy with their high levels of technological expertise, can smoothly conduct their business operations.

4.109. Reports have been brought to our attention of the following situation in the case of corporations based in Turkey. When such corporations export produce and production parts to Russia, strict customs inspections are being carried out, including inspections of the entire freight. Japan expects Russia to ease these kinds of strict inspections, to enable stable production in the country.

4.110. Japan is also aware of reports that as part of Russia's import substitution policies, restrictions have been imposed on government procurement of foreign manufactured goods. We understand that Russia plans to engage in negotiations towards joining the Agreement on Government Procurement (GPA). As such, Japan expects Russia to ensure that its government procurement related measures are compatible with the GPA.

4.111. Lastly, I would like to make some comments on the collection of compensation for the proposed measures for audiovisual recordings for private use as well as the free reproduction of audiovisual works based on Russia's system of collective management of copyright. We are aware of a case where, even though imported items consisted of goods for business consumption that are not subject to the aforementioned system, a judicial decision was made to impose compensation based on the HS codes at time of import. Japan expects Russia to create an appropriate competitive environment.

4.112. To conclude, Japan stands ready to work with the Russian Federation, and appreciates the opportunity to participate in this review of Russia's trade policy.

UNITED STATES

4.113. Russia became a Member in 2012 after the longest accession negotiation in WTO history. During those 18 years, Russia made numerous changes to its legal regime to be in a position to comply with its WTO obligations. It introduced significant market-liberalizing reforms, and spurred its evolution from a centrally-planned, extractive-industry-based economy toward a diversified market-driven economy. The United States was hopeful about Russia joining the WTO and integrating into the global trading system, and anticipated the many benefits to the global trading order that would accrue as a result of Russia's WTO membership.

4.114. During the years since Russia's accession, we have appreciated the efforts of Ambassador Ovechko and his team to contribute constructively to our work here in Geneva, including through Russia's participation in, and subsequent ratification of, the Trade Facilitation Agreement. Russia has rapidly become a well-established and collaborative member of our community here at the WTO.

4.115. We have, however, been extremely disappointed to see Russia turning away from the core tenets of the WTO - liberal trade, transparency, predictability, in favour of inward-looking, import-substitution, economic policies. Russia, like most of the world economy, suffered as a result of the global recession, and even more acutely by the more recent decline in energy prices. However, much of Russia's economic pain is a result of its own economic policies. As reflected in the written questions submitted by the United States in the context of this TPR, we are greatly concerned about the increased reliance on local content and import substitution policies adopted by Russia. Moreover, Russia has expanded these import substitution policies to cover its numerous state-owned enterprises, which, as the Secretariat's Report notes, remain "significant" in Russia's economy. In addition, Russia fails to base its sanitary/phytosanitary measures in international guidelines, but rather appears to base them on political motivations. While we continue to monitor these policies and call on Russia to ensure they are applied consistent with its obligations. And it is important to note that these policies undermine the trade liberalizing intent of the WTO.

4.116. Another core tenet of the WTO which Russia seems to have moved away from is transparency. The Secretariat's report notes that Russia has not met certain notification obligations, such as those governing state-trading enterprises and industrial support programmes. The United States has asked numerous questions seeking to understand various aspects of Russia's trade regime, including its export control regime, industrial development policies, and gas exports.

4.117. The United States also seeks greater clarity regarding the working of the Eurasian Economic Union. As a general matter, the United States does not oppose regional trade agreements as such, but we are concerned when such arrangements do more to protect certain industries than to create incentives to increase trade. The Secretariat's report prompted the United States to ask various questions regarding the mechanics of the Eurasian Economic Union – for example, the breadth of its competence, how it develops its trade policies, how it applies different tariff levels, and the degree to which the regulatory regimes of the member States are harmonized.

4.118. Russia's adherence to international standards and its enforcement and protection of intellectual property rights have also been long-standing concerns for the United States. The Secretariat's report notes that Russia is a member of various international organizations in the area of food safety but, in the view of the United States, Russia has often ignored the rules and guidelines of those organizations. Concerning intellectual property rights, Russia continues to inadequately enforce its own laws, particularly with regard to piracy on the internet.

4.119. Being a Member of the WTO brings numerous benefits which, when boiled down to their core, are: transparency, predictability and rule of law. However, just as WTO Members receive these benefits from other Members, so they must accord those benefits to others. As Russia continues to turn inwards, it misses the opportunities for economic growth and global engagement that WTO Membership brings. Furthermore, by ignoring the rules of the international organizations to which it is a member, Russia is denying these benefits to others. It's a significant lost opportunity.

4.120. A TPR, particularly a first one, is, no doubt, a difficult and challenging process, and we thank Russia for the seriousness with which it has approached this process. TPRs are a critical element in the WTO's transparency mission. We hope that the Russian representative and his team will see today's discussion as an opportunity, not unlike the accession process, to learn from others' questions and comments with the goal of improving Russia's trade regime to the mutual benefit of all WTO Members.

ARGENTINA

4.121. The Russian Federation plays a very important part in the global economy, since it comes 10th in the world's economic rankings. Despite the projections pointing to a contraction of Russia's GDP growth rate in 2016, we take comfort in the economic stabilization and growth outlook for 2017.

4.122. We also welcome the efforts made by the Russian Government to ensure stable socioeconomic development of the country through actions aimed, *inter alia*, at strengthening the business climate, promoting investment, modernizing the economy, boosting overall competitiveness, and thus creating conditions conducive to achieving continuous economic growth and sustainable development.

4.123. There is substantial bilateral trade between the two countries, which amounted to US\$1,151 million in 2015. Argentina's exports were worth US\$472 million and imports totalled US\$679 million.

4.124. Bilateral trade rose to US\$454.1 million over the first half of 2016 (exports accounting for US\$235.7 million and imports for US\$218.4 million), with a balance in favour of Argentina.

4.125. Argentina's exports to the Russian market consist mainly of agricultural products, essentially fruit (pears, apples, mandarines and lemons), frozen beef, poultry and horse meat, and dairy products. Imports consist of diesel fuel and, to a lesser extent, of fertilizers (phosphates and

urea) and capital goods. In 2015, the main items were flat rolled products, sulphur, paper and paperboard, and newsprint.

4.126. Other points worthy of mention are a number of cooperation initiatives in areas such as hydroelectric energy (the Russian Federation has a large stake in the Chihuido hydroelectric plant project in the Argentine province of Neuquén), agriculture, fishing, aquaculture, and mining. The two countries also have a Convention for the Avoidance of Double Taxation with respect to Taxes on Income and Capital.

4.127. We therefore believe that there is potential for growth and diversification in our bilateral trade relationship, which will be mutually beneficial in strengthening our economic ties and cooperation.

4.128. Lastly, while reiterating our appreciation of this renewed opportunity to exchange information and comments on the Russian Federation's trade policies and practices, we would like to draw attention once again to the importance of this exercise in transparency from every point of view, and to wish the Russian authorities a successful conclusion to this first trade policy review.

UKRAINE

4.129. The Ukrainian delegation welcomes the first Trade Policy Review of the Russian Federation. Ukraine believes this multilateral review is vitally needed as policies and practices adopted by the Russian Federation in recent years raised concerns of the WTO Members.

4.130. The Russian Federation was once Ukraine's largest trade partner. In 2012, its share in Ukraine's overall trade in goods amounted to about 30%. It accounted for over 25% of Ukraine's total exports.

4.131. Ukraine welcomed the Russian Federation's accession to the WTO because we expected adherence to international trade rules and principles and transparent application of the WTO Agreements. We also expected the Russian Federation's WTO membership would further contribute to the development of a rules-based multilateral trading system.

4.132. Ukraine always believed that rules must be respected.

4.133. Unfortunately, numerous policies and practices adopted by the Russian Federation in recent years do not exemplify the predictability, transparency, and consistency with the WTO Agreement that is expected of WTO Members.

4.134. Although previously Ukrainian products encountered occasional trade barriers to enter the Russian market, access to this market has considerably deteriorated since 2014. The Russian Federation has de facto introduced an intensive economic pressure in its aggression towards Ukraine.

4.135. Initially, during 2014-2015, the Russian Federation's restrictive trade measures targeted certain Ukrainian goods (confectionery, dairy produce, juices, beer, wallpaper, railway equipment, etc.). The Russian Federation banned imports of these goods on the pretext of the alleged non-compliance with labelling, hygiene or safety requirements.

4.136. After the initial wave of trade restrictive measures, dozens more products that had been exported to the Russian market for years and decades – and that are currently being supplied without any problems to a wide range of international partners – have allegedly also been found to be in violation of Russian TBT and/or SPS requirements.

4.137. Transparency simply has not existed. Despite repeated requests, the Russian Federation has not provided, either our traders or our Government, any information (such as the results of tests, findings of examinations that were allegedly conducted by Russian authorities), which could justify the imposition of these discriminatory measures. It is quite disappointing that the Russian Federation constantly disregards these critical transparency provisions of the WTO agreements.

4.138. As a result of these trade restrictive measures, the Russian Federation's share in Ukraine's overall trade in goods dropped to about 16% in 2015. Ukrainian-Russian trade decreased from US\$45 billion in 2012 to US\$12.3 billion in 2015. The Russian Federation's share in Ukrainian exports decreased to 12% in 2015 and amounted to about 9% in the first half of 2016. Exports of juices dropped from US\$72.7 million in 2013 to US\$0.8 million in 2015 (-98.8%). Exports of railway locomotives, wagons and parts thereof decreased from US\$1.7 billion in 2013 to US\$110 million in 2015 (-93.7%).

4.139. 1 January 2016 marked the beginning of another phase of the economic pressure. From that date, the Russian Federation:

- unilaterally suspended the CIS Free Trade Agreement with respect to Ukraine;
- banned imports of agricultural products, raw materials and foodstuffs originating in Ukraine (the food embargo); and
- imposed restrictions on traffic in transit from Ukraine to the Republic of Kazakhstan via the territory of Russia until 1 July 2016.

4.140. Further escalation of the economic pressure took place on 3 July 2016. The Russian Federation extended the restrictions on traffic in transit until 31 December 2017 and:

- expanded restrictions to transit of goods from Ukraine to the Kyrgyz Republic via the territory of the Russian Federation;
- banned the transit of goods via the territory of the Russian Federation, which are subject to the food embargo; and
- prohibited the transit of goods subject to the tariff rates higher than zero under the Eurasian Economic Union's Customs Tariff (about 85% of tariff lines are subject to the rates exceeding 0%).

4.141. Collectively, these measures impose a practical prohibition on transit of the majority of goods from Ukraine via the territory of the Russian Federation to countries of Central and Eastern Asia and the Caucasus. Ukraine believes that these measures represent a flagrant violation of WTO rules, in particular, Article V of the GATT 1994. As a result of these restrictions, Ukrainian exports to countries of Central and Eastern Asia and the Caucasus decreased by 35% in January-June 2016. Exports to Kazakhstan fell 45.5% in the first half of this year.

4.142. It is worth highlighting on the transit measures, that in April 2016, the Russian Federation presented its instrument of acceptance of the WTO Agreement on Trade Facilitation aiming, *inter alia*, at clarifying and improving relevant transit (Article V) and transparency (Article X) provisions of the GATT 1994 "with a view to further expediting the movement, release and clearance of goods, including goods in transit". We expect to see this implemented in practice as well as spirit for all WTO Members.

4.143. To illustrate the unpredictability of trading conditions and the non-transparency of Russian trade measures we draw attention to one particular example. Ukraine was one of the largest suppliers of edible salt to Russia. In early 2015, the Russian Federation banned the import of this product supplied by a major Ukrainian producer due to alleged non-compliance with requirements concerning purity, iodine content, and organoleptic parameters. Meanwhile, the Ukrainian producer held valid certificates issued by accredited conformity assessment bodies in the Russian Federation. Despite repeated requests, Russian authorities have not provided any findings regarding the alleged tests conducted on this product. As a result of the prohibition, Ukrainian exports of edible salt to Russia decreased from US\$22.2 million (390.7 thousand tonnes) in 2014 to US\$1.7 million (33.5 thousand tonnes) in 2015. After a short respite in this policy, on 10 September 2016, the Russian Federation included salt in the list of products subject to the food embargo. That policy will enter into force on 1 November 2016. Multiple, ever-changing measures, all absent the necessary transparent underpinnings, have and continue to dislocate and disrupt trade.

4.144. Taking this opportunity, the Ukrainian delegation would like to call on the Russian Federation again to take the necessary actions to eliminate the restrictions on traffic in transit from the territory of Ukraine through the territory of the Russian Federation to third countries.

4.145. In addition to the aforementioned issues, Ukraine has also posed a number of questions concerning technical regulations, sanitary and phytosanitary measures, customs requirements, domestic support, and anti-dumping measures, among other policy areas. Unfortunately, the non-responsive answers provided by the Russian Federation can hardly be considered adequate, especially given the wide effect on Ukraine and other Members' trade.

4.146. We urge the Russian Federation to respect WTO rules. *Pacta sunt servanda*.

THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

4.147. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu recognizes many external challenges that Russian Federation's economy has to face. The reforms implemented by the Russian Federation in the past few years, however, are encouraging, and will hopefully lead to further integration into the global economy, more trade policy liberalization and diversification of trade relations, as well as greater transparency in the policy-making process.

4.148. Russian Federation's efforts at streamlining regulations are very welcome, especially in the areas of customs procedure, establishing single-window and etc. They should produce a more favourable business environment, which in turn will attract a greater amount of foreign investment.

4.149. We were pleased to see, as well, that the Russian Federation submitted its letter of acceptance of the WTO Trade Facilitation Agreement on 22 April 2016, contributing to our joint efforts to accelerate the entry into force of the Agreement. We commend the Russian Federation for undertaking the steps necessary to ratify this important agreement. We also encourage the Russian Federation to move forward on important WTO initiatives and commitments, including continuing its accession to the WTO Agreement on Government Procurement.

4.150. Since acceding to the WTO membership in 2012, the delegation of the Russian Federation under the excellent leadership of H.E. Mr. Ambassador Gennady Ovechko, has played an active role in the DDA negotiations and, as a fellow-member of the Article XII Group, we expect to engage closely together in the negotiations that lie ahead.

4.151. On trade policy, in advance, we submitted several questions to the Russian Federation covering, among other areas, mining and energy, and intellectual property rights. We thank the Russian Federation for its response and we shall study it with great interest. There are just a few specific points, though, that I wish to mention here, if I may.

4.152. Needless to say, the Russian Federation's most important trade policy initiative is probably the Eurasian Economic Union (EAEU). We hope that such process contributes to the Russian Federation's development, without creating trade barriers or trade diversion to other Members.

4.153. Nevertheless, while the Russian Federation has clearly demonstrated its commitment to open trade, some concerns do remain in the context of this TPR. We note, for example, from the Secretariat's report, that, in the area of state-owned enterprises (SOEs), "some of the large SOEs occupy a dominant position in key sectors...". We note that the Russian Government is taking steps to improve corporate governance and privatize SOEs to increase productivity, competition and efficiency. We would therefore encourage the Russian Federation to adopt the necessary reforms in order to guarantee the transparency of the related procedures and promote competition, which would not only open up more opportunities for foreign investment, but could also help promote diversity.

4.154. On the bilateral front, I am pleased to say that trade between the Russian Federation and us has steadily increased since 2007. Bilateral two-way goods trade between the Russian Federation and us rose steadily from just over US\$2.7 billion in 2007 to around US\$5 billion in 2015, covering products such as steel products, machinery, coal and natural gas. But, potential

certainly exists to increase and diversify our bilateral trade, not only in goods, but also in services and investments if we can identify the greater complementarity of our trading sectors.

4.155. In closing, I would like to express the hope that the Russian Federation continues to benefit from the foundations it is building through its own efforts, and that it finds constructive support and feedback from fellow WTO Members in this, its first Trade Policy Review. We strongly encourage the Russian Federation to hold firm to its strategy of economic and trade policy reforms.

COSTA RICA

4.156. The Russian Federation is a major player in world trade. We therefore believe that its accession to the WTO in 2012 has been most useful and will positively influence the reforms that Russia has started to implement as part of its process of integration in the global economy.

4.157. The reforms made to its competition and government procurement regimes and the improvements introduced in its IPR enforcement legislation are only some examples of the changes that will enable the Russian Federation to better adapt and modernize its economy.

4.158. Improvements in its customs administration system, including the recent ratification of the Trade Facilitation Agreement, are also significant steps forward.

4.159. We agree with the Russian Federation that foreign investment, technology transfer and innovation are essential to this process. We therefore eagerly await the progress that the Strategy for Innovative Development of the Russian Federation 2020 may bring in this regard in the coming years.

4.160. Although the Russian Federation only recently joined the WTO, its incorporation in the multilateral trading system is already beginning to show positive effects. This is reflected in better rankings in the World Bank's Doing Business 2106 report and in the World Economic Forum's Global Competitiveness Index 2015 2016, where the Russian Federation has been moving upwards since 2012.

4.161. Nonetheless, there are still major challenges to be addressed.

4.162. The Russian Federation's entry into the WTO coincided with a period of strong economic instability caused by a variety of factors, such as the oil price slump, insufficient diversification of exports, and the economic sanctions imposed by some countries.

4.163. This state of affairs has caused problems such as a sharp decline in the value of the rouble, capital outflows, and increased inflation.

4.164. According to IMF forecasts, growth prospects are more positive for the coming years but could be better if the Russian Federation were to encourage improved governance, speed up the structural reforms needed to address distortions in the economy and create a more favourable investment climate.

4.165. Diversification of the economy has been highlighted as one of the Russian Federation's key priorities in addressing these challenges. We are pleased to note how the country proposes to reduce its energy dependence by taking a series of measures, including the promotion of renewable energy. It would be interesting to know whether Russian energy policies are considering reforms to the country's fossil fuel subsidy schemes.

4.166. For this trade policy review, Costa Rica submitted a set of questions concerning Russia's services, investment and intellectual property systems. I appreciate the attention given to these questions and will conclude by wishing the Russian Federation a successful first trade policy review.

INDIA

4.167. According to the Secretariat's report, the global economic crisis of 2008-09 caused a contraction of 7.8% in the real GDP of the Russian Federation in 2009, but it rebounded with annual growth rates of 4.1% on average over the period 2010-12. Since then, real GDP growth rates slowed to 1.3% and 0.7% in 2013 and 2014, respectively, while it contracted by 3.7% in 2015. The main cause for this significant fall in GDP growth was the oil price slump amid slow structural reforms, weak investment, and adverse population dynamics which are affecting potential growth. We have noted that according to the IMF, the Russian Federation is on a stabilization course; it expects GDP growth to contract by 1.8% in 2016 and to grow by 0.8% in 2017.

4.168. We would like to commend the Russian Federation for moving several places, 51st place (out of 189) in 2016 from being ranked 120th (out of 183) in 2012 in the World Bank's ease of Doing Business rating. We also appreciate the Russian Federation for taking steps for facilitating trade in Goods.

4.169. We have noted that the establishment of the Eurasian Economic Union aims at creation of a single market for goods services, capital and labour within the union. It would also spur growth, enhance modernisation and competitiveness of the economies.

4.170. India and Russian Federation share multifaceted and long-standing ties rooted in history. Since the signing of "Declaration on the India-Russia Strategic Partnership" in October 2000, India-Russia ties have acquired a qualitatively new character with enhanced levels of cooperation in almost all areas of the bilateral relationship including economic, trade and investment areas. There has been a regular exchange of visits at the highest levels, including Annual Summit meeting between the Prime Minister of India and the President of the Russian Federation. India and Russian Federation are also partners under the BRICS framework and are working together on a variety of issues such as global governance and sustainable development.

4.171. In 2015, bilateral trade amounted to US\$6.83 billion, with Russian exports to India amounting US\$4.17 billion and Indian exports to Russia amounting US\$2.66 billion. The cumulative Indian investment between the years 2000 to 2014 in Russia are estimated to be about US\$8 billion, while Russian investments in India are about US\$3 billion. During the annual summit held in December 2015, both sides have highlighted the importance of further enhancing trade and economic cooperation and have reiterated the commitment to increase the bilateral trade to US\$30 billion by 2025 and the bilateral investment each way to US\$15 billion by 2025. India is keen to engage more closely with Russia and the CIS countries to further intensify trade and economic cooperation with this region.

4.172. Both sides have enhanced cooperation to promote trade in the area of dairy products and Bovine meat. India has submitted a number of questions and we thank the Russian delegation for the replies provided. The prices of the essential drugs exported to Russia are capped at the rate of first supply from India (fixed in year 2010). Subsequent price revision of these products have been allowed to local companies on proven justification on account of increase in cost of manufacturing, transportation and other incidentals. However the same is not applicable to products imported into Russia from India in spite of proven justification in increase of cost of production. We would like to seek a clarification from the Russian Federation regarding this.

4.173. To conclude, we look forward to working with the authorities of the Russian Federation in further expanding our trade and investment ties for mutual benefit. We wish the delegation of the Russian Federation a productive and successful TPR.

CHILE

4.174. We submitted nine questions for this review, and appreciate the replies received on the various topics concerned, which included the formulation of Russia's trade policy, the trade agreements signed by the Eurasian Economic Union (EAEU), foreign investment, anti-dumping measures, and state trading enterprises.

4.175. Since Chile re-established diplomatic relations with the Russian Federation in the early 1990s, three Presidents of the Republic of Chile have visited the country. The President of the Russian Federation came to Santiago in 2004, on the occasion of the APEC Summit, a forum to which both countries belong.

4.176. Russia is a relevant partner for Chile. Our bilateral relations are growing gradually stronger thanks to a number of agreements, regular political consultations, cooperation in the fields of defence, science and technology, and the fact that we both belong to various bodies forming part of the multilateral trading system.

4.177. Trade between Chile and the Russian Federation has increased by 13% over the past six years, totalling US\$664 million in 2015, with a balance in favour of our country. Nonetheless, our exports to Russia have declined in recent times, and the volume of trade does not yet reflect the magnitude of the Russian market. There is therefore ample scope for growth in our exports and reciprocal trade in general.

4.178. Russia is a major market for Chilean exports of frozen fish and pork, fresh grapes, dried fruit, wine and processed fruit products, such as fruit pastes, purees and jam, and Chile hopes to bring its exports of these products up to their previous growth levels.

4.179. As regards the promotion of our economic relations, we attach considerable importance to the establishment of business councils between our countries.

4.180. Some years ago, Russia set up a Russia Chile Business Council, but the Chile Russia Business Council, its counterpart in Santiago, did not come into existence until 2013. The latter contacted its counterpart in Moscow, thus stimulating economic and trade activities. Both Councils are in operation, supporting the work done in Russia by the National Committee for Economic Cooperation with Latin American countries (NC ECLAC).

4.181. In a broader context, Chile has expressed interest in driving forward a trade agenda with the EAEU. A concrete expression of this interest is the public private mission headed by our Vice Minister of International Economic Relations, who is currently on a working tour of Russia, Kazakhstan and Belarus.

4.182. A memorandum of scientific and technological cooperation will be signed during this visit between Chile's Agricultural Research Institute and the North Caucasian Scientific Research Institute of Horticulture and Viticulture, specifically in order to strengthen horticulture and viticulture in the two countries.

4.183. Turning to the Secretariat report, we note that Russia has been moving towards an outward oriented economy. Liberalization of trade and investment, driven by the commitments undertaken in the context of its accession to the WTO and the entry into force of the EAEU Treaty on 1 January 2015 have been major milestones in this process.

4.184. On the other hand, we also note that the State continues to play a key role in the Russian economy, and although the number of state owned enterprises (SOEs) has declined recently, they still account for about half of GDP.

4.185. Our understanding is that the Russian authorities are taking steps to improve corporate governance in order to increase productivity, competition and efficiency; as stated in the report, however, the bulk of the SOE privatization programme 2014 2016 has been postponed.

4.186. We regard Russia's ratification of the Trade Facilitation Agreement in April of this year as highly relevant and a sign of the country's commitment to the system.

4.187. We are interested to see that Russia has been taking steps to improve customs operations and the efficiency of the import and export process. In addition, the Eurasian Economic Commission is working on developing the basis for a single window mechanism in order to move forward on these matters, among other measures.

4.188. Our conclusion from the report is that Russia has made headway with trade policy reforms as a result of its accession to the WTO and that, as the report says, in the long run consistent and determined implementation of these reforms will help lift the Russian economy towards its true potential.

PERU

4.189. Peru welcomes the efforts that the Russian Government has made in the economic sphere to deal with the adverse and uncertain circumstances of recent years. Two points worthy of mention are the creation of the Eurasian Economic Union as an environment promoting regional trade and the economic development of its member countries, and the measures being implemented by the Eurasian Economic Commission to improve customs operations, which have led to the development of a single window mechanism to streamline customs procedures. Peru hopes that the Russian economy will experience renewed growth, in which case Peru is a partner that offers great potential.

4.190. The close cooperation between Peru and the Russian Federation has reached strategic partnership level with the signing of an agreement to that end in November 2015. The agreement has opened the way for an even higher degree of cooperation, in the energy and engineering fields in particular. Thanks to their excellent political relations, Peru and Russia already have a series of agreements to promote exchanges in areas such as environmental protection, defence, nuclear energy, culture, and sports. Trade relations between the two countries are thriving and prospects are good. Trade between Russia and Peru has increased sevenfold over the past ten years and exceeded US\$500 million in 2103. Nonetheless, there is still a significant trade imbalance in favour of the Russian Federation, and Peru stands ready to diversify and balance exports in both directions.

4.191. Peru has submitted a number of questions on the basis of the content of the reports prepared for this review. Some of our questions concerned the Intervention Fund's scope for stabilizing the prices of some products in Russia's domestic market. Peru also asked Russia to expand on the functions, powers and procedures within the Eurasian Economic Union, in particular as regards decision making in anti-dumping and safeguard cases. It expressed concern and wished to know to what extent Russia had implemented its trade commitments in respect of fisheries products; this included the Russian Federation's policy of granting subsidies for fishing organizations, which the Sustainable Development Goals seek to ban because they may affect the sustainability of the marine ecosystem.

4.192. Peru thanks the Russian Federation for its replies, which will be carefully analysed, and wishes it every success in its first trade policy review.

INDONESIA

4.193. Indonesia associates itself with the ASEAN statement made by the Malaysian Ambassador.

4.194. In light of the trade policy review which we are commencing today, Indonesia notes with positivity that Russia has coped well with economic turbulence during the period under review (2012-2016) – characterized by strong capital outflows, a sharp decline in the value of the Rouble, and an increased inflation. Indonesia commends the steady exit of Russia's economy from a state of recession to an expected GDP growth of 0.8% in 2017 – according to the IMF.

4.195. This positive growth forecast is a tribute to Russia's economic reform commitment, to continuously transform its, then, centrally-planned economy to a market-oriented one; which entices liberalizing its trade and investment regimes, consistent with Russia's commitments taken during its accession to the WTO just over four years ago in August of 2012.

4.196. Indonesia shares Russia's experience in the need to diversify exports. Indonesia commends the strong role of Russia in promoting trade and investment liberalization through regional, sub-regional, and bilateral co-operations.

4.197. Some similarities in our trade strategies and experiences – as they relate to our respective national development plans – are the basis to some of the questions that Indonesia has posed to

Russia. These questions merit transparent answers, especially for its imbedded experience-sharing values.

4.198. As such, Indonesia sees Russia not only as one of the largest economies and trading entities in the world, but also as one of Indonesia's few strategic partners. Through Russia's development experiences, Russia plays a critical role in the multilateral trading system, including in negotiations on the remaining DDA issues.

4.199. A strategic partnership between Indonesia and Russia entails a mutually-beneficial bilateral trade relationship, mutually beneficial independent of the prevailing macro-economic conditions of the Russian Federation. And such describes Indonesia's ties with the Russian Federation.

4.200. Although the average growth of bilateral trade value in goods and commodities has shown a decrease of 3.2% between 2011 to 2015, the Russian people and industry still enjoy, among others, palm oil, electrical machineries, coffee beans, rubber, cocoa, and coconut oil. In return, Indonesia remains customer, among others, to Russian oil and gas, iron and aluminium alloys, potassium chloride, aeronautic products, asbestos, and diesel fuel.

4.201. Aside from the strong and positive economic ties between Indonesia and Russia, we do find some trade and trade-related barriers that have become Indonesia's concerns, such as import measures related to palm oil and fishery products. We believe that through this Trade Policy Review, those issues can be addressed. We have submitted a number of questions related to our concerns on Russia's trade policies and practices, and we thank the Russian Federation for some written responses. We will look into them and conduct a further study on them. In the meantime, we look forward to receiving the remaining answers to our questions, which was submitted as additional questions.

4.202. Indonesia believes that Russia will respect the wide-ranging commitments on market access for goods, services, and elsewhere made during its accession to the WTO.

4.203. Finally, I would like to conclude my remarks by expressing once again my profound appreciation to Russia's delegation – and Ambassador Gennady Ovechko, Permanent Representative of the Russian Federation to the WTO – for their hard work, and wish Russia every success in its first Trade Policy Review. I look forward to working further with you Ambassador Ovechko.

COLOMBIA

4.204. We congratulate Russia on its first trade policy review after becoming the 156th Member of this Organization in 2012. Since its entry into the WTO, Russia has carried out sweeping reforms to create an outward oriented economy, by liberalizing trade and investment.

4.205. The global importance of the Russian economy is reflected in its rankings as the world's tenth largest economy, seventh largest exporter and 11th largest importer, second largest oil and gas producer, and fourth largest exporter of electricity, among others. This makes it a major multilateral player, warranting careful study of the impact of its trade policy developments.

4.206. According to the Secretariat report, insufficient diversification of Russian exports, significant decline in international reserves, rising inflation and exchange rate depreciation increased the economy's dependency and vulnerability on the international scene.

4.207. Economic growth has been moderate since 2013 and according to the World Economic Forum, the situation is expected to improve and stabilize once the results of the anti-crisis plan become known. The economic revival plan consists in stabilizing the banking system, introducing a floating exchange rate regime, providing fiscal stimuli, and reducing State intervention, all of which is expected to improve the investment climate and lead to diversification of the country's export supply.

4.208. Turning to the multilateral issues being addressed in this review, we welcome the efforts that Russia has been making to facilitate trade by automating customs procedures and introducing

a single window, adjusting its intellectual property rules, privatizing state trading enterprises and improving the government procurement system.

4.209. We note Russia's active engagement in the negotiations, fulfilment of its transparency commitments by making notifications, ratification of the Trade Facilitation Agreement, and its status as a party to the ITA Agreement and an observer to the WTO Agreement on Government Procurement.

4.210. Nonetheless, we also note Russia's frequent use of anti-dumping measures, safeguards, sanitary and phytosanitary measures, measures restricting transit and limits on imports of agricultural and food products, all of which have given cause for concern in the WTO. We hope that Russia will promptly notify its state trading enterprises.

4.211. Lastly, as regards our bilateral relations, we note that trade flows reached US\$464 million in 2015 and consisted primarily of Colombian exports of roses and beef and imports of potassium chloride and ammonium nitrate. Russia being a major global player, we emphasize our interest in further deepening and diversifying our trade relationship and investment flows.

4.212. We hope that the reforms undertaken by the Russian Government to maintain a liberal trade regime, modernize and diversify its economy, reduce State participation and improve the business environment will place the country back on the path to growth.

4.213. We wish the Russian delegation every success in this first trade policy review and look forward to receiving replies to the questions submitted by Colombia.

HONG KONG, CHINA

4.214. Hong Kong, China and the Russian Federation have enjoyed steady and mutually beneficial trade relations. We value the Russian Federation as an important trading partner. Our total bilateral merchandise trade amounted to US\$2.4 billion last year, and in 2014, our total bilateral services trade amounted to US\$479 million.

Trade facilitation

4.215. Since its accession to the WTO, the Russian Federation has made commendable efforts in improving its customs operations. This is done through an action plan, with a series of measures to simplify customs procedures and improve efficiency. These measures have significantly reduced the average time for import clearance. We also welcome the unified information platform, Seaport Portal, which is being implemented as an electronic single window for handling and processing cargo at Russian seaports.

4.216. We are pleased to note that the Russian Federation has deposited the instrument of acceptance of the Agreement on Trade Facilitation, contributing to our joint efforts to accelerate the entry into force of the Agreement.

State Trading and Services

4.217. State-owned enterprises (SOEs) continue to play a significant role in the Russian economy. Despite a decline in the number of SOEs over the last few years, they still account for about half of Russia's GDP. In particular, we note that SOEs are heavily involved in key service sectors such as banking, transport and energy. As a services-oriented economy, Hong Kong, China, firmly believes that services liberalisation would induce economic growth. We therefore encourage the Russian Federation to further liberalise its trade regime for foreign investment.

4.218. Some SOEs also face governance issues that undermine productivity, and while privatisations have taken place, the overall programme was delayed because of unfavourable market situation. We encourage the Russian Federation to expedite reforms in these areas.

4.219. At the same time, we note that the Russian Federation had not made any notification to the WTO on state-trading enterprises and we encourage the Russian Federation to ensure compliance of WTO notification requirements.

Tariffs

4.220. Turning to tariffs, we note that the Russian Federation has a complex tariff structure comprising *ad valorem* duty and non-*ad valorem* duty. Upon its accession to the WTO in 2012, the Russian Federation has bound all of its tariff lines and committed to phase in its tariff reductions within eight years by 2020. It is commendable that the simple average rate of its applied MFN tariff has been reduced from 11.0% in 2012 to 8.3% in 2016, which is lower than the simple average final bound tariff of 8.4%.

4.221. However, more than 1,700 tariff lines at the 10-digit level still carry non-*ad valorem* duties. For some tariff lines, applied MFN tariffs may exceed their bound tariffs because the applied tariffs are *ad valorem* but not less than their specific duties, while bound tariffs are *ad valorem* only. Moreover, Russia's tariff shows tariff escalation with the simple average of 6.1% on products at the first stage of processing, 6.7% for semi-processed products, and 9.5% for fully processed products. We encourage the Russian Federation to improve these aspects with a view to simplifying its tariff regime, observing its bound tariff rates, reducing escalations, and enhancing predictability.

Anti-Dumping

4.222. We note that the Russian Federation has been active in using anti-dumping measures. To avoid creating unnecessary restrictions to trade, we encourage the Russian Federation to exercise cautions and restraints in using such measures, and to conduct thorough reviews to ensure that any measures in force are fully justified.

Government Procurement

4.223. We appreciate Russian Federation's effort in reforming its government procurement system. We are delighted to note its recent application for accession to the WTO GPA and look forward to reviewing its accession offers when they are available.

Concluding Remarks

4.224. This is the first Trade Policy Review for Russian Federation since its accession to the WTO. We appreciate its efforts in integrating into the multilateral trading system and liberalizing its trading regime in the past few years. We certainly recognize the challenges involved, but the benefits from such reforms will pay off in the long run.

NEW ZEALAND

4.225. New Zealand and Russia have a lengthy trading relationship, although our current trade levels are below historical levels. We welcome the opportunity to engage with Russia in this forum and hope this exercise will be useful to Russia for the further development of its trade policies and practices.

4.226. As the WTO Secretariat report notes, the Russian Federation is on an economic stabilisation path, following the severe impact of the global economic crisis of 2008-09. The report however illustrates that this stabilization faces a number of challenges. These include the slump in the oil price which has significantly impacted Russia's economy which is highly dependent on energy exports; slow structural reforms; factors inhibiting investment; and low population growth.

4.227. As a more specific example, the Secretariat report notes that import substitution has become a key factor in Russia's agricultural policy. Our own past experience with import substitution policies strongly suggests that openness to trade rather than efforts to promote import substitution is the best way to generate economic growth therefore we encourage greater structural reform efforts in this area.

4.228. Another point of concern flagged in the Secretariat report is Russia's imposition of bans on the imports of agricultural and food products from certain countries. This is an issue of systemic concern that New Zealand and others have raised in the WTO in the past and which we reiterate here.

4.229. Paragraph 2.22 of the Secretariat report notes that Russia has ten outstanding WTO notifications. New Zealand encourages Russia to fulfil its reporting obligations, in line with the requirement for transparency, which is fundamental to the operation of the WTO. We look forward to an update from Russia on progress on these outstanding notifications. That said, we should also record that we welcome the fact that Russia is one of only four developed Members to be fully up to date with their notification requirements on agricultural domestic support and export subsidies for agriculture.

4.230. New Zealand also commends the ongoing and broadly positive developments on market access for goods and services, and on the improvement and simplification of customs procedures. We encourage further progress, including in the context of Russia's ongoing implementation of its Accession Protocol. And as we do other Members, we encourage Russia to convert its mixed tariff rates to ad valorem rates as a measure to enhance transparency and facilitate access. We also appreciate the information provided in the reports of the Secretariat and the Russian Federation on the operations of the Eurasian Economic Union.

4.231. In our written questions we have sought more information on the application of SPS standards in the Russian Federation. In particular, and as required by the WTO SPS Agreement, we seek more information from Russia about the scientific basis for those instances where it applies more stringent requirements than international standards and norms. Similarly, we have also asked for clarification as to whether the audit of the system of supervision in third countries is carried out against measures equivalent to that of the Eurasian Economic Union, even where these are more stringent than the relevant international standards.

4.232. We welcome the advice in the Secretariat report that the Russian Federation may officially initiate GPA accession negotiations in the second half of 2016. We ask when Russia expects to be in a position to submit its first GPA offer and pose questions on the application of GPA principles, including on the compatibility of Russia's preference schemes with the GPA's principle of non-discrimination.

4.233. We would also appreciate clarification concerning the use of public funds for Russian agricultural businesses seeking to increase export sales to confirm that this is not an export subsidy.

4.234. Like other Members, we consider subsidy issues to be a horizontal and systemic matter. Given Russia's significant fishing industry we have some questions concerning the support provided to the sector and look forward to Russia's responses on these. With regard to fossil fuel subsidies, given their impact on trade, we would also be interested to know when Russia will join other G20 members, most recently China and the US, in utilising the G20 peer review process to assist with Russia's ongoing reform of fossil fuel subsidies.

4.235. We acknowledge Russia's progress, in the current challenging economic environment and we look forward to seeing the Russian economy achieve its full potential.

REPUBLIC OF KOREA

4.236. Korea highly appreciates Russia's hard work and significant achievements in turning into a market-oriented economy during the last two decades and half. Since its accession to the WTO, Russia has continued liberalizing its market and reforming its trade regime to meet the WTO commitments. In this regard, Korea welcomes Russia's acceptance of the TFA this spring and its recent decision to initiate negotiations for its accession to the GPA.

4.237. However, Korea also notes that for the last couple of years, the Russian economy was hit by various factors, political and economic, and internal and external, which inevitably have had a negative impact on its trade with other countries, and to some degree, on its efforts for structural reforms. Despite these difficulties, Korea hopes that Russia will continue working toward for deeper integration into the multilateral trading system.

4.238. Turning to the bilateral side, Korea and Russia share many economic interests, in particular, regarding the development of Russia's Far Eastern region.

4.239. Around 40% of Russia's bilateral trade involves this region, in which Korea was the largest export destination in 2014. We would like to highlight that early this month President Park Geun-hye reaffirmed Korea's willingness to contribute to Russia's efforts for the development of this region when she participated in the second Eastern Economic Forum in Vladivostok.

4.240. I very much appreciate Russia's response to Korea's advanced written questions and requests. In this regard, please allow me to take this opportunity to emphasize our main concerns about some of its trade measures and encourage Russia to address them.

4.241. First, many Korean companies face difficulties when they enter the Russian market due to customs administration and procedures. The difficulties include the arbitrary classification and application of HS codes to electronic goods, notably smartwatches, as well as burdensome document requirements. As Russia accepted the TFA in April, Korea looks forward to seeing greater improvements in its customs administration and procedures in the near future.

4.242. We also hope to see more transparency in SPS measures, especially when relevant laws are amended or revised, so that Korean companies do not have difficulties in finding required documents.

4.243. Second, as many of the previous speakers pointed out today, Korea is also concerned about import substitution measures in Russia's government procurement system. Many Korean companies experience difficulties with government procurement, especially regarding construction equipment, automobiles and medical products. In this context, Korea welcomes Russia's decision to initiate negotiations for the GPA and hopes for an early conclusion of the negotiations.

BENIN ON BEHALF OF THE LDC GROUP

4.244. On behalf of the LDC Group, the delegation of Benin congratulates the Russian Federation on its first trade policy review since joining the WTO in 2012, and thanks Russia for the important information received on its economic and trade achievements. The LDC Group welcomes Russia's legislative and regulatory reforms, which are helping to increase the country's integration in the multilateral trading system.

4.245. The LDC Group also welcomes the signing of 81 bilateral investment agreements, including one agreement with Cambodia, which is a member of the Group. It encourages Russia to conclude agreements with the other LDCs.

4.246. The LDCs are running a trade deficit with the Russian Federation, which reached its peak in 2011. This is largely attributable to the high prices of oil and wheat imports. Some Asian LDCs have succeeded in reducing their trade imbalance with Russia, whereas there is a notable increase in the deficit in African LDCs.

4.247. The leading LDC exporters to the Russian Federation are Bangladesh, Cambodia, Malawi, Tanzania, Mozambique, Myanmar and Ethiopia. Altogether, these LDCs account for around 90% of total LDC Group exports to the Russian Federation.

4.248. The leading LDC export products include textiles and clothing (60%), agricultural products, especially tobacco, coffee, rice and shrimp, and metals such as aluminium and uranium. On the import side, the LDC Group mainly purchases wheat, petroleum, fertilizer, wood, aircraft and weapons from the Russian Federation.

4.249. As regards services, some LDCs have imported education and infrastructure services from the Russian Federation. According to the Secretariat's 2012 report, Russia for its part imported US\$38.5 million worth of services from LDCs, including, in particular, other business services and transport, construction and telecommunications services from Senegal, Liberia and Afghanistan. These data show that trade in services between Russia and the LDCs is dynamic and can be further expanded.

4.250. We encourage Russia, which has expressed interest in LDCs being granted preferential treatment for goods, to go one step further by notifying specific preferences for LDC services suppliers, in response to our collective request. We especially urge Russia to abolish administrative

restrictions and provisions applicable to LDCs in respect of visa applications, work permits, licences and residence permits. We also request the removal of obstacles to market access as regards the entry and establishment of contractual services suppliers and self-employed professionals from LDCs, differentiating them from those of non LDC origin. If Russia applies quotas in the services area, we recommend the introduction of specific quotas for LDCs.

4.251. The LDC Group looks forward to receiving Russia's replies to its questions, in accordance with the WTO rules. The Group would greatly appreciate further consultations with Russia on the Group's priorities, both within the WTO and in its member countries, and on its objectives of industrialization, integration in the multilateral trading system and global value chains, and poverty reduction.

4.252. On behalf of the LDC Group, the delegation of Benin takes this opportunity, a few days after the first meeting of the South-South Dialogue on LDCs and Development held in Annecy, France, to urge the other technical and financial partners to continue assisting the LDCs in their efforts to promote economic and social development.

4.253. The LDC Group appreciates Russia's support for the pursuit of the Doha Development Agenda and the conclusion of outstanding DDA issues, and particularly welcomes its contribution to the process.

KINGDOM OF SAUDI ARABIA

4.254. Despite the impact of the financial crisis, the crash of oil prices and the severe International economic sanctions over the period of review, the Russian Federation's economy remained open and resilient. The Russian Government has been implementing a range of policies and measures to adapt to its new economic reality and even managed to stabilize its economy and further open its market as part of its extensive WTO accession commitments.

4.255. While recovery will be long and painful, the Russian Government made a clear point up front about the importance of trade and investment liberalization for the country's economic recovery. GDP growth is projected to return to a positive 1.1% in 2017 due to improving investment dynamics, led by expected rising oil prices and declining credit cost.

4.256. The Kingdom of Saudi Arabia commends the reform programme undertaken by the Russian Federation which aimed at transforming a centrally-planned economy to a market-oriented and fostering its global competitiveness.

4.257. The Kingdom of Saudi Arabia trusts that the efforts undertaken by the Russian authorities to accelerate economic reforms and aim at enhancing competition in goods and services markets, improving property rights, and revamping transport and telecommunications infrastructure to improve the business climate and boost investment will create favourable conditions for its continuous growth and sustainable development.

4.258. The Kingdom of Saudi Arabia and the Russian Federation enjoy friendly and substantive economic and trade relationship underpinned by commercial ties and supported by shared membership in the G20. The value of two-way trade between the two countries exceeded US\$1.2 billion in 2015.

4.259. The high-level exchange of visits between the two countries and the establishment of the Saudi-Russian Joint Economic Commission contributed to enhancing the bilateral business ties and help expand and diversify trade between the two countries.

4.260. In November 2015, during the Saudi Russian Investment Forum in Moscow, a number of agreements and memorandums of understanding were signed between the two countries especially in the field of distributing products of Russian companies in the Saudi market, expanding the provision of Russian ports services in the Kingdom, marketing the Russian oil products, cooperating in the training of Saudi cadres in operation and maintenance of the telecommunication, information technology, maintenance and operation of water and electricity stations.

4.261. The importance of trade to the Russian Federation is reflected in its commitment to the WTO and the multilateral trading system.

PARAGUAY

4.262. The world financial crisis of 2008 2009, political instability in the region and the sanctions imposed by major trading partners all hit the Russian economy especially hard. These factors also explain why the 2010 2012 economic recovery was overshadowed by a subsequent slowdown in real GDP growth in 2013, 2014 and 2015. Moreover, the drop in oil prices significantly affected the country's foreign exchange earnings, resulting in a sharp decline in the value of the rouble and an increase in inflation.

4.263. The Government responded to this situation by introducing an interesting package of anti-crisis measures aimed primarily at stabilizing the banking sector and providing the economy with fiscal stimuli. These measures also included an import substitution programme. The Russian authorities acknowledge the need to accelerate economic reforms and have made it their aim to enhance competition in goods and services markets, improve property rights, and revamp transport and telecommunications infrastructure, with a view to improving the business climate and boosting investment. As we have seen in reports by multilateral financial institutions, the Russian economy is on a stabilization course; in this respect, the IMF expects GDP growth to contract by 1.8% in 2016 and to improve by 0.8% in 2017.

4.264. In this regard, we hope that Russia will soon be able to complete its transition to a market economy.

4.265. Turning to trade policy, the Russian Federation's WTO accession in 2012 represented a milestone in the country's integration into the multilateral trading system, bringing about structural changes in trade legislation that make the country a more predictable partner with which to do business. Since its WTO accession, Russia has gradually reduced its applied tariff protection level to 6.09%.

4.266. Russia also participated actively in the conclusion of the Trade Facilitation Agreement, and has subsequently taken steps to expedite customs formalities and reduce the release time for goods, including by removing redundant barriers imposed by customs regulations, streamlining customs procedures, and reducing the amount of time required for customs formalities.

4.267. There are, however, various challenges on the horizon, as reflected in the vast number of questions posed by Members during this review exercise. These include questions on notifications, trade defence mechanisms, and schemes to encourage production. My delegation has also submitted some specific questions on the import substitution programme, transit policies and trade in services. We thank Russia for its partial replies to these questions, which we will study very carefully.

4.268. As a landlocked country, we would also like to express our systemic concern regarding certain steps taken by Russia to restrict the international transit of goods through its territory to third markets. We hope that these issues can be resolved shortly, in accordance with GATT Article V and the Agreement on Trade Facilitation.

4.269. Nevertheless, I would like to emphasize my country's excellent bilateral relations with Russia, not only at the economic level, but also politically, socially and culturally. Trade flows in both directions increased significantly during the period under review, to the extent that Russia is now one of the main destinations for Paraguayan exports, most notably beef and soya pellets, which together amount to a value of US\$750 million. Paraguay, for its part, imports diesel, fertilizers and other chemical products from Russia. We believe, however, that there is still enormous potential in this area, and both Governments are determined to work together in this regard.

4.270. It should also be noted that there has been significant Russian investment in Paraguay in recent years, particularly in the livestock and industrial sectors.

4.271. Lastly, we wish to emphasize that Paraguay and Russia share the same views regarding the need to strengthen the multilateral trading system and would both like to see the swift implementation of the Trade Facilitation Agreement, together with a development oriented WTO.

THAILAND

4.272. Thailand associates itself with ASEAN's statement previously delivered by Ambassador Mariam.

4.273. Russia and Thailand have a cordial and long-standing trade relation. In 2015, Russia was Thailand's 31st trading partner in the world, with trade value of US\$2.3 billion. Russia ranked as our 37th export destination, although we note that there was a sharp decline from an average total export value of approximately 1.1 billion between 2011 and 2014 to 700 million in 2015, this is due in large part to the sharp drop in our top exports to Russia in the past five years, especially automobiles and electric machinery. In terms of Imports Russia ranked as Thailand's 24th largest source of import, having declined from 14th in 2010 as Thailand's importation of fuel, fertilizers, and iron and steel fell sharply in the past five years. As we look forward, we hope that our fundamentally strong relationship will help our bilateral trade to rejuvenate and induce further growth in the near future.

4.274. The report by the Secretariat indicate that Russia's economy has contracted by 3.7% in 2015 owing to various factors including the political instability in the Crimea region, the fall in oil prices, and the two-way economic sanctions between some western countries and Russia. We hope that Russia will continue to strengthen its efforts in transforming and liberalizing its economy to a market-oriented one, and in doing so, achieve a sustainable and positive growth in the near future.

4.275. We would like to commend Russia's strong efforts to further liberalize trade and investment since its accession to the WTO.

4.276. Thailand is also pleased with Russia's efforts in regard to investment facilitation and promotion through special tax and infrastructure incentives, and we look forward to improvements in transparency, tax rates and complexity of tax regulations, access to financing, and improvement in intellectual property protection to further enhance Russia's investment environment.

4.277. Thailand also believes Russia to be an active contributor to the WTO, with its ratification of the Trade Facilitation Agreement as well as its participation in the ITA expansion.

4.278. In this review, Thailand submitted quite a number of questions to Russia, covering the policies and measures of our interests regarding Investment policies and Competition policies. We look forward to Russia's responses, for which we will study carefully with great interest.

4.279. In conclusion, Thailand would like to express its appreciation to the Russian delegation for today's presentation. We are thankful for the cooperation with Russia in every level and wish Russia every success in its first trade policy review.

REPUBLIC OF MOLDOVA

4.280. Becoming a Member of the WTO in august 2012, Russia has committed to abide by its rules and principles in accordance with the WTO rules undertaken by the Protocol of Accession, in order to improve the competitiveness of the Russian economy and to successfully integrate into the global marketplace.

4.281. We would like to congratulate the Russian Federation on its ratification of the Trade Facilitation Agreement on 22 April 2016, further encouraging the Russian authorities to move forward with the negotiation process on the ratification of the GPA Agreement.

4.282. It is important to note and commend that upon accession, the Russian Federation joined the Information Technology Agreement, aiming to liberalize trade and growing sector of the global economy.

4.283. Since 2012, Russia has been annually moving upwards in the Doing Business rating compiled by the World Bank Group. From being ranked 120th in 2012, Russia moved to the 51st place in 2016. Despite this achievement, some of the macro-economic indicators remain unstable. Since joining the WTO, the real GDP of Russia's economic growth rates slowed to 1.3% and 0.7% in 2013 and 2014, respectively, while a contraction of 3.7% occurred in 2015 due to the external and internal challenges, certain geopolitical challenges, currency devaluations in trading partner countries, trade sanctions, the oil price slump below US\$50 per barrel, coupled with the insufficient diversification of Russian exports. Merchandise exports decreased from US\$524.8 billion in 2012 to US\$343.9 billion in 2015.

4.284. Among the factors that have a negative impact on the volume of bilateral trade are: loss of economic ties with Ukraine and some of the other CIS countries and access to their market, including some of the main line tariffs from Moldova, depreciation of the national currency, the reduced financial capacity of the local population and financial challenges of enterprises.

4.285. The Russian Federation has been one of the most important trading partners of Moldova. Even if the trade volume has declined significantly from a deficit of US\$156 million in 2013 to a double one of US\$300 million in 2015, Russia still remains among top 5 trade partners of the Republic of Moldova, descending from the first export partner of Moldova to the third one in 2016. The value of exported Moldovan fruits has decreased from US\$90 million in 2013 to only US\$13.6 in 2015, which is a decrease of approximately 85%. Customs duties imposed on fruits vary between 5-10%.

4.286. The Moldovan delegation looks forward to receiving responses to the recently submitted questions to the Government of the Russian Federation regarding additional transparency measures planned to be introduced by the Russian Federation on dumping investigations and procedures, as well as regarding to the ban imposed on all international transit of cargo by road and rail from Ukraine to Kazakhstan through the territory of the Russian Federation and its compatibility with GATT Article V, which requires WTO Members to apply a free transit regime.

4.287. Regarding the RTAs, the Republic of Moldova notes that starting with 2014, and in spite of agreed free trade preferences under the CIS FTA, the Russian Federation has imposed trade restrictions on certain Moldovan products. As a result, this has greatly reduced the volumes of Moldovan exports to Russia in 19 agricultural products, which represent Moldova's main exports. The trade restrictive measures have taken the form of increased import duties on these products from a previous level of 0-5% to a current level of 15% (under Governmental Decision No. 736 from 31 July 2014).

4.288. The exports of certain agricultural products have been generally banned. These include fresh fruit and vegetables, wines and other alcoholic drinks, canned fruit and canned vegetables, and processed meat. Currently, only certain producers placed on a special list can export some of these products to Russia. Thus, only 123 exporters are eligible to export fruits falling under HS 0808 and 0809. The exports of other agri-vegetal products are permitted only to 248 Moldovan exporters. As a result, during 2013-2016, the value of Moldovan exports to the Russian Federation has decreased by 61.8%, having a highly disruptive impact on the economy and the regional trade system.

4.289. While we are fully aware of the economic difficulties in Russia, in view of proper implementation of the legally binding CIS Free Trade Agreement, and giving full effect to Article XXIV of GATT, the Republic of Moldova requests the Russian Federation to lift the applicable restrictions allowing to restore the traditional volumes of trade between the two countries.

4.290. In spite of the economic difficulties caused by these measures to the Moldovan economic agents, the Republic of Moldova has not taken steps to litigate the issue neither under the CIS FTA nor under the WTO rules. This reflects our willingness and good faith in a process where amicable and mutually acceptable solutions are explored. The Government of the Republic of Moldova looks forward to revisiting and solving this issue under the auspices of our bilateral governmental commission meetings and further discussions among diplomats in Geneva, in order to find mutually agreeable solutions, with respect to the WTO commitments and principles. In this regard, we appreciate the consultations held in Moscow and Chisinau by high level officials and we hope that the recent meeting at the highest level between our leaders will bring positive results soon.

4.291. The Republic of Moldova is confident that the first exercise of the trade policy review will help Russia to attain its economic objectives and fully honour its international commitments.

4.292. We look forward to continuing strengthening our bilateral relations with Russia and on behalf of the delegation of the Republic of Moldova I wish the Russian delegation the utmost success during the first WTO Trade Policy Review Cycle.

EL SALVADOR

4.293. This exercise is a clear example of one of the benefits of Russia's accession to the WTO.

4.294. The Russian Federation's economic environment is clearly experiencing a slowdown in growth, mainly due to external factors such as the global financial crisis, and other factors of a political nature. According to the Government report, foreign trade turnover was also affected between 2012 and 2015, decreasing by 37.5%, primarily due to the devaluation of the rouble that reduced the demand for imports, and the fall in world prices that affected exports.

4.295. It is, however, important to note the significant efforts made by the Russian Federation as a result of its WTO accession, mainly with regard to tariffs. According to the Secretariat report, the country has bound all its tariff lines and undertaken to reduce its bound tariffs to an average of 8.4% by the year 2020. This average should be compared with the average applied tariff rate, which is currently 8.3% *ad valorem*, including AVEs (*ad valorem* equivalents) of non-*ad valorem* duties, i.e. almost the same level as the average bound tariff.

4.296. We congratulate Russia on having deposited the Trade Facilitation Agreement. We also note that it is party to a number of plurilateral initiatives, such as the Information Technology Agreement, and an observer to the plurilateral Government Procurement Agreement. Since the country's accession in 2012, it has also actively participated in the Dispute Settlement Body, as both a party and a third party. We encourage the Russian Federation to notify the protocol amending the TRIPS Agreement.

4.297. We would also like to highlight the steps taken by the Russian Federation to facilitate trade, such as the ratification of the WTO Trade Facilitation Agreement, the elimination of excessive regulation, the streamlining of customs formalities, and the implementation of the electronic single window. We particularly welcome its efforts in respect of the latter.

4.298. At bilateral level, diplomatic relations between our two countries were established in 1992 and have gone from strength to strength, partly as a result of Russia's cooperation with El Salvador in fields such as science, technology, tourism and security. We are sure that the signing of the agreement to eliminate the visa requirement in respect of all types of passports will help to boost business between our countries.

4.299. While trade between our countries is currently not very significant, we view it as fairly complementary. From 2013 to 2015, El Salvador exported sugar, green coffee, unrooted cuttings, cocoa beans, and clothing, while imports consisted mainly of mineral fertilizers, iron and steel products, aluminium wire, and paper and paperboard.

4.300. We hope to continue strengthening our bilateral ties with the Russian Federation in the future and to increase the existing level of trade between our countries.

4.301. May I also take this opportunity to thank Ambassador Gennady Ovechko and his team for their firm commitment to, and active participation in, the regular and special work of the WTO.

ECUADOR

4.302. In recent years, the Russian Federation has continued to push forward reforms aimed at modernizing its economy, fostering competitiveness and creating favourable conditions for sustainable growth and development. However, a troubled external sector, marked by the global financial crisis of 2008 2009 and the fall in commodity prices, as well as other factors, have prevented the country from achieving the results it hoped for. In this light, the Russian Federation has promoted a new industrial policy based on support for exporters, fiscal incentives and import

substitution. We hope that this new policy, accompanied by initiatives aimed at the diversification of the economy and the reduction of the country's dependence on mineral and energy resources, will help to restore economic growth.

4.303. The Russian Federation's accession to the WTO in August 2012 is one of the linchpins of its efforts to transform itself from a centrally planned economy into a market based one. Measures such as binding all its tariff lines and phasing in reductions by 2020, opening up its service sectors and limiting export duties, have required substantial changes to trade policy. Given the country's historical background, the challenges involved in implementing such measures should not be underestimated.

4.304. In addition to its active participation in the multilateral sphere, the Russian Federation has chosen to enter into various regional agreements in which a privileged position is held by the Eurasian Economic Union (EAEU). This customs union has applied a common external tariff since 1 January 2015 and has been given important trade related responsibilities, such as the establishment of a coordinated agricultural policy. The consolidation of the EAEU's internal market and its position in international markets is one of the Russian Federation's key trade policy challenges.

4.305. Trade between Ecuador and the Russian Federation is substantial and amounted to more than US\$900 million in 2015. The Russian Federation is one of Ecuador's main markets for agricultural products such as bananas, flowers, shrimps and coffee, and we therefore pay particular attention to the rules and regulations applicable to our agricultural sector, including in respect of sanitary and phytosanitary matters. Regarding imports, Ecuador receives agricultural inputs and machinery from the Russian Federation. Furthermore, the complementarity of our economies suggests the existence of greater space for the deepening of trade relations between our two countries.

4.306. We have submitted written questions on certain aspects of the Russian Federation's trade policy and thank the country in advance for its replies. We wish it a successful conclusion to its first WTO trade policy review.

TURKEY

4.307. Russian Federation's accession to the WTO marked a significant development for its integration into the rules based multilateral trading system. With a nominal GDP of US\$1,326 billion in 2015, the Russian Federation, a G-20 member, ranked tenth in the world economy. Moreover, it is the largest country covering more than one eighth of the world's inhabited area, also the world's second-largest oil and gas producer and one of the most energy-intensive economies.

4.308. With regard to the economic environment of the Russian Federation, as has been pointed out in the Secretariat report, the economy had averaged 7% annual growth during the period 1998-2008, driven largely by rapidly increasing oil and gas revenues and mining investments. However, the global economic crisis of 2008-2009 and the sharp decline in the global oil prices since 2014, have adversely and deeply affected the economy and financial situation of Russia. Geopolitical uncertainty as well as international sanctions and counter-sanctions, mostly during the period under review, further aggravated the situation. Due to these developments, real GDP growth rates slowed down to 1.3% and 0.7% respectively in 2013 and 2014, and a contraction of 3.7% occurred in 2015.

4.309. Having said that, Turkey is pleased to observe that the Russian Government has adopted an anti-crisis plan comprising: stabilizing the banking system, implementing a fiscal stimulus and accelerating the move to a floating exchange rate regime to restore confidence and stabilize the financial system. Taking into account that the Russian Federation derives about 50% of its federal government revenues from oil and gas related activities, I believe that developing plans and policies aiming at economic diversification and promoting a non-oil economy would further increase the resilience of the economy. Moreover, accelerating the implementation of consistent and determined economic reforms would help lift the Russian economy towards its true potential.

4.310. As referred to in the Government report, Russia's accession to the WTO was accompanied by fundamental legislative changes that has improved predictability of the Russian market for all stakeholders, including foreign trade operators. As a result, the incorporation of the WTO rules in the national legislation has contributed to an improvement in Russia's international ratings. In this context, the upward move of Russia in the World Bank's "Ease of Doing Business Report" from 120th in 2012 to 51st place in 2016 is commendable.

4.311. From a trade policy perspective, Turkey welcomes the steps taken by the Russian Federation to expedite customs formalities and reduce the release time for goods through an action plan that sets out a series of measures to simplify customs procedures and improve efficiency for both imports and exports since mid-2012.

4.312. Sharing the same geography and having strong historical ties, bilateral relations between Turkey and Russian Federation had its periods of competition and cooperation over the course of history. Following a rapid development of economic relations in the 90s, our bilateral relations entered a new positive phase in the early 2000's and then attained an institutional character with the establishment of the High Level Cooperation Council between the two countries in 2010.

4.313. On the other hand, our relations faced a serious test which affected both economies as a result of military activities in connection with the ongoing Syrian crisis. However, in line with the mutual desire of the Turkish and the Russian peoples and with the common sense of the Presidents of the two countries, a political dialogue has been re-established and subsequently a normalization process was launched recently. However, these positive steps have not yielded desired results yet in the areas of bilateral trade and economic relations. At this stage, we especially expect that Russia will take measures to solve the current problems regarding the export of Turkish-origin fresh fruits and vegetables to Russia, as immediately as possible.

4.314. Economic and trade relations constitute the driving force behind the Turkish-Russian relations. Russia is one of our most important trade partners. Bilateral trade volume, which reached US\$38 billion in 2008, before the global economic crisis, decreased to US\$24 billion in 2015. However, we are confident that the normalization process that was launched by the Presidents of the two countries would serve to attain the previous trade volume levels and further.

4.315. On the other hand, just before our foreign ministers meeting scheduled for 9 October, negotiations of a free trade agreement between the two countries, covering services and investment, will be held. Our aim is to conclude, as soon as possible, this FTA which we believe would serve to increase bilateral trade volume to US\$100 USD.

4.316. Turkey submitted a number of written questions in advance and we are looking forward to receiving responses in due course.

4.317. To conclude, I commend Russian Delegation's active participation in, and contributions to, the WTO negotiations under the leadership of my friend Ambassador Gennady Ovechko.

ICELAND

4.318. Iceland strongly supported the accession of the Russian Federation to the WTO and was even directly involved for a while. With this in mind, I noted in particular with pleasure the clear commitment of the Russian delegation to the WTO system made in the opening statement this morning.

4.319. Iceland and Russia have enjoyed a long and strong bilateral relationship, although these days we are unfortunately experiencing some challenges. Despite that we continue close and regular dialogue on various issues, including trade.

4.320. We have for decades enjoyed mutually beneficial trade relations, which hopefully can be restored soon, but our trade has contracted tremendously over the past couple of years.

4.321. Let me in the context of this review highlight two particular issues.

4.322. Firstly, the application of SPS rules which has caused major difficulties for some of our exporters of fish and now meat producers.

4.323. More concretely, for close to two years, three of the biggest exporters of lamb meat in Iceland have been blocked from the Russian market based on SPS rules. This is causing considerable damage to the exporters who have invested a lot of time, effort and money in establishing themselves on the Russian market.

4.324. During this period, Icelandic authorities and the companies in question have worked extensively on meeting all requirements put forward by Russian authorities only to be repeatedly faced with rejections from the Russian side to recognize official documents, information and facts submitted.

4.325. Despite all the measures that have been taken to meet the requirements indicated the situation remains.

4.326. Thus, let me echo what a number of delegations have mentioned regarding what we see as a lack of predictability and transparency in application of SPS rules.

4.327. We urge the Russian authorities to concretely clarify as soon as possible all the requirements that still need to be fulfilled in order for all stakeholders to be able to take the necessary measures to meet such requirements. Icelandic authorities continue to be fully committed to work directly and concretely with Russian authorities in this regard.

4.328. In this context, Iceland has noted with interest the recent outcome of the WTO Dispute Settlement Body in Case DS475.

4.329. Secondly, allow me to echo concerns of a number of delegations when it comes to application of subsidies in Russia, in particular fisheries subsidies. For a country as rich in resources as Russia, embarking on a course of sustainable resource management is essential to securing sustainable growth. Iceland strongly encourages Russia to join a growing and diverse group of members committed to negotiating real disciplines to abolish harmful fisheries subsidies in the WTO instead of embarking on comprehensive state supported projects of increasing the capacity of its fishing fleet.

4.330. Finally, allow me to complement the whole Russian delegation for the enormous work you have put into your first TPR and my delegation wishes you all the success.

KAZAKHSTAN

4.331. Russia is the second trading partner of Kazakhstan after the European Union and our major investment partner. In 2015, annual trade turnover with Russia amounted to US\$14.5 billion.

4.332. I would like to note positive influence of Russia's accession to the WTO in terms of the country's recent fundamental legislative changes that led to the creation of a solid and predictable business environment for market participants. Since 2012, Russia moved up 69 places in the World Bank's Doing Business ranking (Russia #51, Kazakhstan #41).

4.333. Kazakhstan pays a great deal of attention to this review.

4.334. We commend Russia's efforts in developing trade policy regime that is coherent with the requirements of the Multilateral Trading System and the Government's adherence to the transparency obligations.

4.335. Let me also highlight Russia's growing share of non-trade distorting support for agricultural producers.

4.336. We welcome the recent ratification of the Trade Facilitation Agreement by Russia.

4.337. Let me note our joint efforts within the EAEU to improved customs administration and developed a new EAEU Customs Code that will simplify customs operations.

4.338. We are confident that there is still a lot of potential to further improve our mutually beneficial trade and economic cooperation as EAEU evolves.

4.339. I thank the Government of Russia and personally Mr. Medvedkov and his team for their support to the accession of Kazakhstan to the WTO. Both our countries experienced quite a lengthy and complex accession exercises that helped to find solutions to some longstanding systemic issues of the WTO.

BRAZIL

4.340. It is a matter of great satisfaction for Brazil to take part in this first Trade Policy Review of the Russian Federation, a valuable partner of Brazil, bilaterally, here at the WTO, in the BRICS and many other fora. The accession of Russia to the WTO represented a landmark event not only for Russia, as highlighted in its Government report, but also for the multilateral trading system, consolidating the integration and commitment of Russia, with its substantial economic weight, to our common set of rules and principles.

4.341. Brazil commends the significant reforms undertaken by the Government of the Russian Federation, following the wide-ranging commitments on market access in goods and services which resulted from its accession process to the WTO. As highlighted in the reports, legislative or regulatory action has taken place in a number of areas, such as simplification of customs procedures, competition, government procurement, investment, intellectual property, TBT and trade remedies, among others, in order to enhance and consolidate Russia's openness to trade and investment flows. Brazil is particularly encouraged by Russia's efforts to bring its agricultural policies in line with its WTO obligations. Let me also highlight our good dialogue with Russia on SPS measures applicable to Brazilian products which are crucial in our bilateral trade relations.

4.342. We also would like to praise Russia's record in the notification of trade measures, one of the pillars of the multilateral trading system, as remarked by the Secretariat, covering virtually all the WTO set of disciplines.

4.343. Russia's economic performance was affected by the international economic crisis of 2008-2009 and its aftermath, and later by the widespread fall in commodity prices, especially, in its case, oil and gas prices. While not being able to avoid weaker growth or even negative growth rates in some years between 2012 and 2015, the Russian Federation's economy has avoided the kind of crisis that occurred in the late nineties. A number of policies were crucial in this area. Some point in the direction of a more liberal economic policy, such as the adoption of a floating exchange rate; others possibly translate as a choice for more regulation and government intervention, including an import substitution programme. Although we do acknowledge Russia's right to use all WTO-consistent policy options, we hope that it will always choose the least trade alternatives to promote economic recovery.

4.344. On the bilateral Brazil-Russia agenda, exchanges have decreased from US\$7.1 billion in 2011 to US\$4.6 billion in 2015, after a brief recovery in 2014. Brazil and Russia are still grappling with adverse economic conditions, which, by depressing imports in both economies, can easily explain the trajectory of bilateral trade flows. This trend requires careful attention on the part of our Governments, bearing in mind that, in 2004, on the occasion of the first state visit by a Russian Head of State to Brazil, a technological partnership was established with the goal of increasing bilateral trade to US\$10 billion. Brazil is also interested in continuing to work together with Russia to increase the complementarity of our economies and diversify our bilateral trade, which already comprises a range of agricultural and industrial products, towards higher value-added goods.

4.345. One way to foster our economic ties would be to identify and explore investment opportunities, with positive side effects on bilateral trade. In this context, we noted with interest Russia's decision, highlighted in the Secretariat report, to promote foreign investment and innovation through the establishment of high-tech parks, industrial clusters and special economic Zones (SEZs).

MONTENEGRO

4.346. Montenegro wishes to congratulate the Government of the Russian Federation on becoming the 156th member of the World Trade Organization in 2012, and to congratulate the Government on its first trade policy review cycle. We are convinced that Russia's active membership will continue to contribute to the strengthening of its responsibilities and compliance with WTO rules and principles, and enable it to enjoy the benefits that the Organization brings to all of its Members. To this end, Montenegro notes with appreciation the Russian Federation's ratification of the Trade Facilitation Agreement and welcomes the intended application to join the Government Procurement Agreement that will support the necessary improvements in its domestic governmental procurement system.

4.347. In addition, Montenegro notes from the report of the Government of the Russian Federation that between 2012 and 2015, the regional integration process within Eurasian Economic Union and beyond, was actively developing. Montenegro firmly believes in the importance of strong regional trading partnership and the benefits that deep economic integration and cooperation bring to States and their populations.

4.348. As the Secretariat notes, in 1991, the Russian Federation embarked on a reform programme aimed at transforming a centrally planned economy to a market orientated one. In this regard, Montenegro is pleased to read the finding of the Secretariat that Russia has "largely met" its objective of creating an outward-orientated economy. In agreement with the Secretariat, Montenegro considers that liberalization of trade and investment (driven by commitments taken during Russia's accession to the WTO) has been a major milestone in the reform project.

4.349. Notwithstanding the clear benefits marked by Russian accession to the WTO, Montenegro notes the findings of the Secretariat that Russia was hit exceptionally hard by the global financial crisis. Montenegro hopes that the future economic growth of Russia will become more stable and return to higher levels that had previously been experienced.

4.350. Montenegro has economic and trade relations with the Russian Federation, guided by the Joint Committee for trade, economic and technical cooperation between our two Governments. Montenegro would like to use this opportunity to express its strong interest to continue consultations on the Protocol concerning current trading framework and to expand cooperation, particularly in the sector of tourism.

4.351. Finally, Montenegro is looking forward to continuing its constructive engagement with the delegation of the Russian Federation in Geneva and my distinguished colleague Ambassador Gennady Ovechko.

KINGDOM OF MOROCCO

4.352. Morocco endorses the statement made by Benin on behalf of the LDCs.

4.353. It is an immense pleasure for my country to participate today in the first trade policy review of Russia, which, I am sure, will enable WTO Members to take stock of the considerable progress made by this country in terms of its integration into the multilateral trading system.

4.354. At the international level, Russia is a permanent member of the UN Security Council, the WTO and the G20, which it held the presidency of in 2013.

4.355. On the economic front, while Russia is one of the BRICS emerging countries, it is also an increasingly important economic power. The country is currently one of Morocco's most valued partners and priority markets.

4.356. The numerous high level public and private sector visits that have taken place and the organization of the first Morocco Russia economic forum events show the Kingdom of Morocco's desire to build on its achievements while maintaining its market share and strengthening its position through the diversification of its export base.

4.357. This growing interest in the Russian market is also illustrated by the launch, four years ago, of a shipping line linking the Moroccan city of Agadir to Saint Petersburg. The port of Agadir forms a strategic point of liaison between Europe and Africa.

4.358. One of the key events marking our bilateral relations was the official visit of His Majesty King Mohammed VI to the Russian Federation in October 2002, which was the occasion of the signing of the declaration on the strategic partnership encompassing trade, information technology and marine fisheries. The recent official visit of His Majesty King Mohammed VI to Russia has once again enhanced relations between our two countries, within the framework of an in depth strategic partnership that constitutes a veritable roadmap for public and private stakeholders, enabling them to increase their level of practical cooperation in respect of the economy, trade and investment. In the context of this visit several months ago, operators from both countries launched the Economic Council.

4.359. Regarding fisheries, the Kingdom of Morocco is aware of the need to revitalize cooperation between the two countries in this key sector and has concluded a new four year cooperation agreement with Russia, the sixth of its kind since 1992.

4.360. The future is looking bright for economic relations between Morocco and Russia. The two countries maintain strong ties that will strengthen even further thanks to a shared desire for consolidation in all areas of common interest. From now on, trade will no longer be limited to agricultural products, hydrocarbons and fishery products.

URUGUAY

4.361. For Uruguay, this review provides an excellent opportunity to examine and understand how the WTO membership of a country as important as the Russian Federation can strengthen and contribute to the Organization while providing the country itself with tools to address enormous economic and trade challenges. We believe that the balance and results so far are positive for both the Russian Federation and the Organization, as will undoubtedly be revealed from the discussion that takes place during this exercise.

4.362. Uruguay has maintained friendly and constructive relations with Russia for over 150 years. Economic relations with Russia have developed in a very dynamic fashion in recent years. Trade in goods currently forms the basis of our relationship: Uruguay imports mainly oil, fertilizer and chemicals, while exporting foodstuffs such as dairy products, meat, fruit and fish.

4.363. Uruguay gives special importance to Russia as an export destination and strongly expects to double or triple its Russia bound exports, in particular in the meat, dairy and fruit and vegetable sectors. Following a general fall in meat exports, our countries approved a Protocol between the health authorities.

4.364. Bilateral dialogue at various levels is very fluid and numerous technical missions take place between the countries. In recent months, we have made progress on issues relating to obtaining a permit for supplying high quality meat, which provides access to the premium market without any quantitative limits and with a 15% tariff. We hope this will increase our sales of high quality cuts.

4.365. We prioritize our ties with Russia and intend to strengthen them, exploring opportunities for working together in areas such as the formation of joint venture companies in the agro industrial sector, the use of free zones, and collaboration in high technology areas such as biotechnology, telecommunications, electronics, agriculture, and renewable energy.

4.366. As a final comment, we would like to underscore the interest of both countries in combining efforts not only to achieve the swift and successful completion of the trade negotiations with a high level of ambition, but to strengthen the multilateral trading system based on predictable, transparent and balanced rules as a tool for development.

ARMENIA

4.367. As we know, observation and monitoring of national trade policies are one of the fundamental WTO activities. We strongly support the TPR mechanism aimed at enhancing of transparency and building of confidence in the multilateral trading system.

4.368. As it was mentioned today, this is the first review after Russian accession to the WTO in 2012. Armenia having strong trade and economic links with the Russian Federation was among those WTO Members who were the most interested into its full membership to the WTO.

4.369. Historically, Armenia and the Russian Federation have very close links in various sectors of the economy. Russia is an important strategic partner for Armenia both in trade and investment. Currently, we have more than 1,000 companies with the Russian capital successfully operating in Armenia. Russia is one of the main destinations for Armenian exports and also is the main source of Armenian imports. Almost 30% of all Armenian exports go to the Russian Federation. Trade between our two countries has grown substantially over the past 15 years.

4.370. As you know, Armenia became a full member of the EAEU in 2015 and, since then, together with the other EAEU members, has been enjoying benefits from being part of the big, almost 200-million market. In view of this, we are very much interested in the further development and expanding of our economic and trade cooperation with all EAEU members.

4.371. We believe that Russian accession to the WTO provides the country with grounds for formation of an open, liberal, predictable, and transparent trade policy. Thanks to the Trade Policy Review, we have an excellent opportunity to better understand the Russian trade and investment policies and assess their compliance with the WTO rules and practices.

4.372. In the years following its accession, Russia has made a significant progress in adopting economic reforms and increased the openness of its economy for trade and investment.

4.373. Despite all well-known challenges, Russia has shown its commitment to further integration into the global trading system by undertaking a number of reforms targeted at foreign trade liberalization, infrastructure development and business environment improvement.

4.374. We do hope that the efforts undertaken by the Russian Federation to modernize and diversify its economy will further promote the country on the path of sustainable and inclusive growth.

SRI LANKA

4.375. We believe that the accession of the Russian Federation to the World Trade Organization on 22 August 2012 was a very important landmark in the country's economy. We highly appreciate the dedication and the efforts taken by the Russian Government in the accession process to integrate the Russian economy with the multilateral trading system. We are pleased to note the progress made by Russia in this direction. We are optimistic that Russia would be able to overcome its negative growth experienced in the recent past in the years to come with the developments in its trade policy orientation.

4.376. Going through the comprehensive reports by the Russian Government and the WTO Secretariat, we have noted the significant contribution from the services sector of the economy which accounts for around 62% to the Russian GDP. With regard to the tariff, Russia maintains the average applied MFN rate of 14.6% for the agricultural products while maintain 6.5% for the non-agricultural products. The Russian authorities have identified the need of accelerating economic reforms, and enhancing market through transparent policies for the goods and services with the objective of boosting the investment in the country. A good indicator towards this achievement is the higher ranking position Russia maintains in the Global Doing Business Index.

4.377. Let me also briefly reflect on the historical close bilateral relations between Russia and Sri Lanka. The history shows that the formal relations between the two countries started in 1892 with an establishment of Russian Consulate in Galle, Sri Lanka. The diplomatic relations between the two countries started in 1957. Russia is a very important trading partner for Sri Lanka and the

strong relationship between the two countries has grown steadily over the time. The value of total trade turnover between the two countries has increased from US\$212 million in 2007 to US\$436 million in 2015, registering an increase of around 106% compared to 2007. Russia has been the single largest buyer of Ceylon Tea for several years.

4.378. The two countries have signed bilateral agreements in many areas. The first agreement of Economic and Technical Cooperation was signed in 1958, supporting establishment of Sri Lanka's steel cooperation, a flour mill and tyre cooperation. The same year, both countries signed the first trade agreement which permitted the exchange of goods between the two countries. This agreement was subsequently updated in 1964, 1975 and 1977. In 1977, another agreement was signed by both countries enabling the currency system to be convertible. In the front of the cooperation in education, Sri Lanka has many students who have graduated from Universities in the Russian Federation in different fields. In order to further strengthening the close bilateral relations between the two countries, an intergovernmental Commission on Trade-Economic and Scientific-Technical Cooperation has been established and the first meeting of the Commission was held in February this year in Moscow.

4.379. My delegation highly appreciates Russia's continued commitment to the multilateral trading system and its active engagement in the negotiations in the WTO. We welcome Russia's joining the Trade Facilitation Agreement on 22 April 2016, becoming the 77th Member to deposit its instrument of acceptance of the TFA. The dynamic role played by Ambassador Gennady Ovechko and his team in proactively engaging in ongoing activities of the WTO is highly commendable.

CUBA

4.380. The Government of Cuba welcomes Russia's presentation of its first WTO trade policy review report and wishes to highlight this country's commitment to transparency as regards its trade policy regime.

4.381. As stated in the report, Russia's accession to the WTO in August 2012 was, I quote, "accompanied by fundamental legislative changes that laid solid and predictable foundations in the Russian market for all its participants, including foreign trade operators". The incorporation of WTO rules into national legislation has thus helped to improve Russia's international doing business ratings. From being ranked 120th in 2012, the country has moved to 51st place in 2016.

4.382. In the past four years, this Member's trade policy has focused predominantly on the country's further integration into the multilateral trading system and the liberalization of its trade regime, both in the context of WTO commitments and through regional economic integration.

4.383. Despite these achievements, the Russian economy has been in slowdown since the end of 2012. In 2015 and early 2016 in particular, its development was adversely affected by external factors. A deteriorating external economic environment together with anti-Russian trade sanctions have had serious consequences for the Russian economy, including the depreciation of the rouble, a decline in the positive trade balance, increased economic uncertainty, and stricter non price related lending conditions. Cuba has always denounced the adverse effects that unilateral coercive measures have on States and their populations, and reiterates the need to eliminate such measures as soon as possible.

4.384. In the first half of 2016, the economic recession slowed down, which indicated that the Russian economy was adjusting to recent external shocks. Moreover, the GDP growth rate is expected to rebound in 2017.

4.385. The Cuban Government recognizes Russia's efforts to integrate itself little by little into the multilateral and regional context, and its compliance with WTO rules and principles. We would also like to emphasize the excellent state of our bilateral relations, which extend into various spheres, not only that of the economy and trade.

4.386. We congratulate Russia on its dynamism within this and other international forums and wish it every success in its trade policy review.

BURUNDI

4.387. My delegation associates itself with the statement made by Benin on behalf of the LDCs.

4.388. We congratulate Russia on its first trade policy review since its accession to the WTO in 2012 and on its ratification of the Trade Facilitation Agreement, and thank it for the important information that it has provided on the steps taken in the economic and trade spheres to improve the trade and investment liberalization climate.

4.389. My delegation welcomes the legislative and regulatory reforms undertaken by Russia, which are helping to deepen its integration into the multilateral trading system and liberalize its trade regime.

4.390. Burundi is delighted with the excellent ties of friendship and cooperation that have existed between our country and the Russian Federation since diplomatic relations were established in 1962. These relations have given rise to the signing of a large number of inter-governmental agreements, most notably in the areas of air transport, communications, science and culture, as well as in the military sphere.

4.391. Our relations have been notably enhanced by the visit to Burundi in May of H.E. Mr M.L. Bogdanov, Deputy Minister for Foreign Affairs of the Russian Federation and Special Presidential Representative for the Middle East. During this visit, Mr Bogdanov and his Burundian counterpart agreed to conclude an agreement on the promotion and reciprocal protection of investments.

4.392. Similarly, a partnership agreement between the Bank of the Republic of Burundi (BRB) and Gazprombank (a Russian bank) was signed in Moscow in June 2016 during the visit of H.E. Mr Joseph Butore, second Vice President of the Republic of Burundi. In this light, my delegation would like to highlight the need, and express its willingness, to renew cooperation in other economic spheres.

4.393. My delegation welcomes the Russian Federation's decision to develop a policy to stabilize consumer prices for the well-being of the population.

4.394. My delegation also welcomes the Russian Government's willingness to take steps to improve the investment climate, including by creating conditions for the growth of national and foreign investments, with a view to furthering the expansion of international trade in a transparent manner and enhancing economic competitiveness for all.

4.395. Burundi notes that Russia is developing services and infrastructure to support the universalization of telecommunications, in particular in rural areas. This includes the building of high speed fibre optic networks.

4.396. My delegation encourages Russia's interest in granting preferential treatment to the least developed countries by supplementing its provisions with specific preferences benefiting LDC service providers.

KYRGHYZ REPUBLIC

4.397. On 12 August 2015, the Kyrgyz Republic became a full member of the EAEU joining the Russian Federation, Armenia, Belarus and Kazakhstan in further regional economic integration. Accession to Customs Union has opened wide spectrum of opportunities to the Kyrgyz Republic for promotion of Kyrgyz goods and services on markets of Russian Federation and other member States of the EAEU.

4.398. The Russian Federation is the strategic partner of the Kyrgyz Republic. More than 200 agreements have been concluded between the Kyrgyz Republic and the Russian Federation. In 2015, the share of the Russian Federation in the Kyrgyz Republic's trade turnover was 25%, i.e. 9.4% of export and 31.2% of import. Russian business sector and enterprises are widely represented on the market of the Kyrgyz Republic.

4.399. Russian investments into the Kyrgyz Republic's economy demonstrate rising tendency, the total volume which, for 2015, comprised US\$1573.2 million. In order to finance entrepreneurship projects, the Kyrgyz-Russian Development Fund was established and is functioning with an equity capital of US\$500 million.

4.400. The Kyrgyz Republic supports the efforts undertaken by the Russian Federation on trade regime liberalization in accordance with the obligations and WTO rules.

MYANMAR

4.401. First of all, I would like to extend a warm welcome to the delegation of the Russian Federation and appreciate their comprehensive information on Trade Policy to enhance cooperation with international partners.

4.402. The Russian Federation became the 156th WTO Member in August 2012. This Trade Policy Review is first of its kinds for Russian Federation and has provided an opportunity for member states to better understand the economic and trade policies of the Russian Federation.

4.403. We welcome this Review and have optimistic on political and economic reforms of the Russian Federation.

4.404. Myanmar and Russia have established diplomatic relations since 18 February 1948.

4.405. According to our record, the bilateral trade between Myanmar and Russia were gradually increased. In the 2015-2016 Fiscal Year, the two-way trade reached over US\$28 million. We would like to see the continuation of this positive trend to meet the target of bilateral trade between our two countries.

4.406. In terms of the Foreign Direct Investment in Myanmar, the current volume of investment from the Russian Federation is US\$94 million according to the FDI statistics published in June 2016.

4.407. In 2014, Myanmar-Russia Trade and Economic Cooperation Commission was held in Myanmar and adopted a trade cooperation roadmap. We are looking forward to hold the Second Trade and Economic Cooperation Commission meeting in the near future.

4.408. The Russian Federation is an important player of both the regional and multilateral trading systems. We are glad to note that the Russian Federation has been supportive of the need to bring the current trade negotiations forward, including the DDA negotiations.

4.409. The delegation of Myanmar is pleased to convey our sincere thanks and appreciation to Mr. Maksim Medvedkov and his delegation for their constructive engagement throughout this first TPR.

PHILIPPINES

4.410. The Philippines would like to associate itself with the ASEAN statement in recognizing Russia as one of ASEAN's major trading partners.

4.411. This year marks the 40th anniversary of the establishment of diplomatic relations between the Philippines and the Russian Federation. In June 1976, the Philippines established its diplomatic relations with the Union of Soviet Socialist Republics (USSR). Subsequently, robust bilateral relations continued, with the Philippines formally recognizing the Russian Federation in December 1991.

4.412. Since 1991, the Philippines and the Russian Federation have been sharing cordial and expanding relations. This was manifested through the exchange of high-level officials and recognition of initiatives in the field of politics, economics, culture and tourism.

4.413. Russia has been an important trading partner of the Philippines. Among the top commodity exports of the Philippine to Russia include carrageenan, parts of air conditioning machines, ignition

wiring sets, and desiccated coconuts. While among the top imports of the Philippines from Russia include petroleum oils, semi-finished products of iron or non-alloy steel, and coal.

4.414. In November 2015, the Philippines and the Russian Federation have signed an Agreement creating the Philippines-Russia Joint Commission on Trade and Economic Cooperation (JCTEC) at the sidelines of the APEC Economic Leaders' Meeting in Manila. The JCTEC will serve as an overarching framework to facilitate and promote trade and economic cooperation between the Philippines and Russia. The Philippines is in the process of completing the executive ratification of the Agreement and is in coordination with Russia in identifying possible topics for the agenda of the inaugural JCTEC meeting.

4.415. Russia is one of the largest markets in Europe with a population of over 150 million people. Its accession to the WTO in August 2012 marked a landmark in its integration into the multilateral trading system. This resulted in the implementation of the WTO rules into its national legislation, which contributed to improvements in its international ratings. The Philippines notes that Russia has been annually moving upward in the World Bank's Doing Business rating since 2012. From being ranked 120th (out of 183) in 2012, Russia has moved up to 51st place (out of 189) in 2016.

MAURITIUS

4.416. Since its accession to the WTO, the Russian Federation has been an active participant in the deliberations that shaped the outcomes at various levels at the WTO. This is also visible in the progress made by the Russian Federation in its wide ranging commitments including tariff reductions it made when acceding to the WTO.

4.417. Russia is a member of the Information Technology Agreement (ITA), in which Mauritius has been an active participant.

4.418. We are encouraged by the Russian Government's efforts for improving the doing business climate and environment and to efforts for macro-economic stability in the face of international constraints.

4.419. Mauritius and Russia are exploring ways to improve our bilateral trade and economic relations. Tourist arrivals into Mauritius from Russia have been increasing, thanks to a carefully crafted strategy aimed at diversifying our tourism source markets. We look forward to an expansion of trade possibilities with the Russian Federation. Mauritius has submitted a proposal for a Mauritius-Russian Free Trade Agreement. We have also proposed a Double Taxation Avoidance Agreement and an Investment Promotion and Protection Agreement. We hope that the Russian authorities would extend a favourable consideration to our proposals.

4.420. We look to prospect opportunities in the field of industry, given the wide industrial base of the Russian Federation, seafood exports, training and capacity building in high technology industries, assaying and metrology, mutual recognition of educational qualifications.

VIET NAM

4.421. It is our pleasure to associate ourselves with the ASEAN statement presented by Ambassador Mariam Salleh of Malaysia.

4.422. It is highlighted in the Secretariat's report that the Russian Federation ranks tenth in the world economy, with a nominal GDP of around US\$1,326 billion in 2015. The ratio of merchandise trade (exports and imports) to GDP averaged about 40% during the period 2012-15. In 2014, the Russian Federation ranked 7th among world merchandise exporters and 11th among importers. It is one of the world's largest manufacturers. The main industries include oil and gas, mining, processing precious stones and metals, aircraft building, aerospace production, weapons and military machinery manufacture, transport, and agricultural machinery production.

4.423. The WTO multilateral trade system has been beneficial to the economic development of all members including Russian Federation and Viet Nam. In return, the Russian Federation has also contributed to the system by its active and constructive engagement. Viet Nam also commends the Russian Federation for ratifying the Trade Facilitation Agreement earlier this year.

4.424. In recent years, the bilateral economic relationship between Viet Nam and Russian Federation has a significant increase. The two countries have achieved a number of satisfied results in trade, investment and economic cooperation. We appreciate the development of the bilateral ties between our two countries which have gone from strength to strength.

4.425. The Russian Federation is a traditional partner and becomes (one of the most) important trade partners of Viet Nam in trade and investment. In the first seven months of 2016, The amount of two-way trade between Viet Nam-Russia reaches US\$1,56 billion, increased more than 30% in comparison to which of the same time of last year.

4.426. The Russian Federation has 113 existing investment projects in Viet Nam with the total registered capital of up to US\$2 billion, ranking the 17th out of 114 investment partners in Viet Nam. The Russian Federation directly invests in most of the economic fields from oil and gas exploitation to telecommunication, agricultural and fishery processing, infrastructure construction, etc. In return, Viet Nam has 20 existing investment projects in Russia with the total capital of around US\$3 billion.

4.427. Viet Nam appreciates the outcome of the 19th meeting of the Inter-Governmental Committee between Viet Nam and Russia that has been recently conducted this September 2016. At the 19th meeting, two sides agree to promote importation of agricultural products, especially to accelerate negotiation of a bilateral agreement on food safety for these imported products. The remaining issues of differences between two sides will be continued to discuss in a bilateral and cooperative manner.

4.428. Viet Nam would like to appreciate efforts of Russia in development of the Viet Nam-Eurasia Economic Union Free Trade Agreement (VN-EAEU FTA) which features Viet Nam, Russia Federation, Belarus, Kazakhstan, Armenia, and Kyrgyzstan. This FTA was initiated from March, 2013 and after eight official rounds of negotiations and many mid-term meetings, the Agreement was signed on 29 May 2015 and will come into force in some days, i.e. from 5 October 2016. The Agreement includes contents of trade in goods, trade in services, investment, customs cooperation, sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT) and legal and institutional issues in accordance with regulations of the World Trade Organisation (WTO). The signing of the FTA is regarded as a crucial move to promote the cooperative and boost trade and investment for the sake of both sides. When the FTA is implemented, the two-way trade turnover will make a new record. Viet Nam also believes that the FTA would contribute considerably to the development of cooperation between the Eurasia Economic Union and other nations in ASEAN.

4.429. Last but not least, we acknowledge the important role that the Russian Federation plays in the multilateral trading system. We look forward to enhance the Viet Nam–Russian Federation connectivity even further in the year to come.

4.430. I would like to conclude this statement by putting on record our high appreciation for the contribution to the system by wishing Russian Federation every success in its economic and social development and the Russian delegation a fruitful trade policy review.

GUATEMALA

4.431. Diplomatic relations between Guatemala and the Russian Federation were first established in 1945 and were renewed in the 1990s. Since then, trade and cooperation between our countries have intensified. This is reflected in the signing of the Agreement on the Promotion and Reciprocal Protection of Investments (APRI) at the end of 2013. This instrument now only needs to be approved by our legislative body before entering into force. It provides for the establishment of rules and standards that will allow for the legal promotion and protection of Guatemalan and Russian investments and investors, in each of our territories. Following the signing of the APRI, a delegation of Guatemalan businessmen organized a successful trade mission to Moscow in the first quarter of 2014 to explore business, investment and cooperation opportunities.

4.432. The Russian Federation has also forged closer ties at regional level, through the rapprochement that has taken place within the framework of the Central American Integration System (SICA). Last year, the Russian Federation formalized its request to become an extra

regional observer of the System. Our countries are also engaged in dialogue on how to establish mechanisms to enhance mutual cooperation in areas such as security and the fight against drug trafficking, as well as in respect of cultural, economic and trade matters.

4.433. Trade relations between our countries have grown steadily in the last decade. The flow of trade in goods amounted to more than US\$51 million by the end of 2015, a 400% increase in relation to 2005, and mainly involved coffee, fertilizers, tobacco and plastic products.

4.434. Foreign direct investment from Russia has also increased considerably in recent years. Between 2012 and 2016, Guatemala received more than US\$460 million from the Russian Federation, which was invested mainly in agriculture, oil, mining and quarrying. It should be noted that, in light of the above mentioned rapprochement, there is significant potential for the growth of bilateral trade flows and investment.

4.435. With regard to the review we are discussing today, we would like to highlight the efforts made by the Russian authorities to increase the efficiency of customs operations by streamlining import and export procedures. The launch of a single window and the bringing together of information into a single electronic platform will make a significant contribution in this respect. Similarly, we believe that internal fiscal and administrative reforms aimed at facilitating the understanding of regulations in these areas will have a very positive impact, as will the strengthening of the government procurement system to ensure greater transparency throughout the procurement process.

4.436. Regarding short term challenges, we believe it is of great importance to continue the efforts to privatize State trading enterprises, and to speed up structural reforms, given the major contribution that they could make to fostering rapid economic growth.

PAKISTAN

4.437. Prior to the joining of the WTO, the Russian Federation had already embarked on a long journey of reforms towards achieving the objective of a market oriented-economy. And since its accession in 2012 to the WTO membership, the Russian Federation has started to trade and compete at an international level within the multilateral trade systems of the WTO.

4.438. During the period under review, the Russian federation was faced with several challenges, and therefore a modest economic growth was achieved during the first three years of period under review, and a contraction of 3.5% were registered in 2015.

4.439. Within this context, we would like to praise the swift and effective response of the Russian Government to overcome the situation by taking appropriate measures such as the introduction of fiscal incentives and a substitution programme. These well targeted strategies were implemented during 2015 and 2016, and today, forecast for the Russian federation predicts a positive growth by 2017.

4.440. During the period under review, we would like to also commend the different reforms undertaken by the Government to facilitate trade and investment and to boost competition as well as improving its Intellectual Property Rights regime in way of its legislation, administration and enforcement. Particularly, we noted with appreciation the ratification of the Trade Facilitation Agreement by the Russian Federation in April this year.

4.441. From the period of 2015-2016, the Global Competitiveness Index, ranked the Russian Federation at 45th place, an improvement of eight places as compared to its previous ranking. This demonstrates the important efforts undertaken by the Government to achieve a highly competitive economy.

4.442. A few words on the bilateral trade between Pakistan and the Russian Federation, the two countries have started to actively engage through different initiatives in order to boost bilateral trade, given that the current trade volume of US\$350-400 million does not reflect the real trade potential of both countries.

4.443. During the year 2014-2015, the two countries held several sessions of Pakistan-Russia Inter-Governmental Commission on Trade, Economic, Scientific and Technical Cooperation and the fourth session was held in Islamabad in November 2015. At these sessions, there was a clear willingness of the business communities of both countries to increase trade and investment opportunities in energy, oil/gas explorations, leather products, pharmaceuticals, vegetables and fruits.

4.444. It is worthwhile to mention that North-South Gas pipeline, which will be a major energy artery for our country, is being built by foreign investment from Russia. This is very important for meeting our energy security needs. We appreciate this investment and that the Russian federation for their assistance and cooperation in that regard. The Project is estimated to cost around US\$2.5 billion. It will be capable of transporting 1.2 BCFD of gas from Karachi to Lahore via 42" dia 1100 Km pipeline system.

4.445. At WTO, we appreciate the active role and engagement of Russian Federation led by H.E. Ambassador Mr. Gennady Ovechko and his team in Geneva.

TAJIKISTAN

4.446. Tajikistan and Russia are strategic partners and historically linked by centuries-old tradition, close interaction and deep interpenetration of cultures. We have also shared the moments of sadness and happiness under one roof of the Soviet Union. Today, Tajikistan and Russia have common positions on the majority of conceptual questions of the international and regional policy as well as economic integrations.

4.447. It should be noted that being a major trading partner Russia over the past few years made direct investments in Tajikistan close to US\$1 in industries such as energy, manufacturing, metals and mining, construction industry, aviation, rail transportation, high technology and agriculture.

4.448. We welcome Russia's efforts and measures to keep its economic stability despite the challenges faced like the financial crisis and decrease of oil prices during the review years which has also an impact on economy of Tajikistan.

4.449. We compliment the increase in ranking of the doing business and wish Russia to become top 20 in this ranking.

4.450. We are in a view that the mechanism of TPR is a unique platform to revise the obligations and take homework from the members to further improve the national trade regime.

4.451. We welcome Russia's commitment to Multilateralism as well as the ratification of the Trade Facilitation agreement.

LAO PDR

4.452. Allow me first to commend the Russian Federation for its efforts in conducting their first TPR exercise. We appreciate the efforts put in conducting of such comprehensive trade review. Your report underlines well that how over the recent years, the business environment and balance of payments improved despite the economic downturn.

4.453. Regarding trade between the Russian Federation and Lao PDR, total merchandise trade between the two countries was valued at US\$16.5 million in 2015 with a largely positive trade balance for Russia. Laotian exports to Russia consist essentially of articles of apparel, wood and footwear, whilst leading imports from Russia are motor vehicles for the transport of goods, unused postage and articles of goldsmiths' or silversmiths' wares. In sum, trade in goods between Lao PDR and the Russian Federation increased by 35.3% in 5 years (from 2011 to 2015) at an annual average growth of 6.2%.

4.454. With respect to tariffs, we are glad to see that the applied tariff rates are being continuously reduced since 2012. Lao PDR benefits from Russia's Generalised System of Preferences, although we believe that it would be highly beneficial for LDCs to extend the coverage of DFQF unilateral preferences, both in terms of covered tariff lines and reduction of rates to zero.

4.455. Concerning customs formalities, Lao PDR would like to signal Russia's effort in simplifying substantially its customs procedures, which includes a welcomed draft Customs Code, a Single Window approach to formalities, a drastic reduction in the number of required documents to provide and a system for automatic goods declaration. Furthermore, we very much appreciate the fact that the Russian Federation has deposited on 22 April 2016 the instrument of acceptance of the Agreement on Trade Facilitation. Indeed, a prompt entry into force of this Agreement is of the utmost importance for landlocked developed countries like Lao PDR.

BELARUS (OBSERVER)

4.456. This TPR is of particular interest to the Republic of Belarus since the Russian Federation is our key economic partner in the framework of the Eurasian Economic Union (EAEU).

4.457. The accession of the Russian Federation to the WTO in 2012 was a milestone event streamlining international trade in our region in compliance with the world's best practices. The Russian membership also had an important WTO-consistency impact on the integration process within the EAEU.

4.458. It should be recognized that Russia has achieved progress over the last four years in the implementation of its WTO commitments. As a result, the average weighted customs tariff was decreased to the level of roughly 6%. Belarus supported fulfilment of the Russian Federation's WTO commitments by adopting the necessary changes to the Single Customs Tariff of the EAEU.

4.459. Russia rendered its support to the trade liberalization initiatives, like Trade Facilitation Agreement, and consistently promoted the central role of the WTO in various international fora. These developments confirm Russia's commitment to the multilateral trading system.

5 REPLIES BY THE REPRESENTATIVE OF THE RUSSIAN FEDERATION AND ADDITIONAL COMMENTS

5.1. Please allow me to start with my words of appreciation for interventions of those developed and developing Members, who gave their positive assessment of Russia's fulfilment of its WTO commitments.

5.2. In your statements we felt sincere support of the Membership for Russia's efforts to stabilize and improve economic situation and we are thankful for your positive reactions to the anti-crisis measures carried out by our Government and the Central Bank.

5.3. We were also very pleased to receive high evaluation of Russia's role as a devoted supporter of the rules-based multilateral trading system and an active participant in most WTO processes. Please be assured that Russia will do its best to continue playing an active and constructive role in all areas of the WTO activity.

5.4. It was also a pleasure for us to hear warm and well deserved words in respect of Russia's notification discipline, in particular, in agricultural sector. We feel it is especially important because this positive assessment that comes from the Members who are well-known for their role as the guardians of the WTO principles and rules.

5.5. Our special thanks go to our EAEU neighbours: Armenia, Belarus, Kazakhstan and Kyrgyzstan who expressed their firm stance and commitment to continue to engage in our joint efforts on building and maintaining fully WTO-compatible trade regime of our Eurasian Economic Union.

5.6. We thank Members for their detailed and insightful questions on Russia's trade regime. Indeed, you brought our attention to some elements of our WTO commitments which were beyond the main focus of our implementation work within the TPR period. Your fair (even sometimes negative) assessment of some trade-policy measures helped us to get a fuller picture of the priorities of the Members regarding Russia's implementation of the WTO commitments. This will enable us to structure and streamline our policies to make our work more effective.

5.7. This is the first TPR of the Russian Federation. It is held in the course of the transitional period of implementation of our commitments in the WTO amidst accommodation of Russia's trade regime and trade policy to the WTO environment.

5.8. Thus, it is no surprise that some Members point at (and in our view sometimes exaggerate) the issues which, as they believe, show certain deficiencies in Russia fulfilling its commitments. They claim lack of predictability in doing business in Russia ignoring the fact that Russia's ranking in the World bank's Doing Business index moved from 112th to 51st during 4 years upon accession. They claim that import substitution policies are not in line with the objectives and principles of the WTO, ignoring the fact that these policies are currently implemented only within the framework of governmental procurement system, which is outside Russia WTO commitments.

5.9. At the same time, a great number of delegations estimate that the implementation process is on the right path, and, with due attention and engagement of the Russian authorities, the issues which are on the agenda of this TPR will be successfully solved. The argument of those Members – that maintaining open and transparent trade regime will contribute to the prompt recovery of the Russian economy – is an important message for us.

5.10. We also took note of an argument put forward by the delegation of Mexico in its statement: that politics should not interfere with trade. Interestingly enough though: the statements of those Members who most actively resort to politics in their trade relations with Russia were the most critical ones.

5.11. For the sake of accuracy, let me remind you that those Members initiated economic and financial restrictions, directly proclaiming economic isolation of Russia and weakening of its economy as their primary goal. Those measures added to economic recession. The imports slumped (as well as exports from Russia, by the way). And now it's Russia who gets all the blame for that. This is just not fair.

5.12. And it's our feeling that we are not alone in that estimate. Most other Members share our view and, as we heard here on Wednesday, are looking forward to develop mutually beneficial trade and investment relations with Russia. I would like to underline that Russia is open for cooperation with all interested economies.

5.13. Now let me move to answering some of the major trade-related concerns expressed by the Members on the first day of our TPR.

Areas of competence of the EAEU

5.14. The competence of the Eurasian Economic Union is established by the Treaty on the Eurasian Economic Union signed 29 May 2014 and international treaties in the framework of the Union. Supranational competence of the Union covers the following main areas: import tariff rates, tariff preferences, tariff-rate quotas, non-tariff measures (e.g. import or export restrictions, import licensing), trade remedy investigations and imposition of trade remedy measures, customs regulation, technical regulation and SPS measures, competition and antitrust regulation on cross-border markets. In these areas, the Eurasian Economic Commission is empowered to take decisions that have direct effect on the Member States of the Union.

Transparency of the EAEU

5.15. Both draft and adopted decisions are published on the Internet portal of the Union within the time limits that ensure legal certainty and meet reasonable expectations of persons whose rights and/or obligations may be affected by these regulatory legal acts, but in any case before their effective dates (entry into force). Draft regulatory acts shall be generally published within 30 calendar days before the date of their adoption. Publications of draft decisions include explanation of the purpose of their adoption. Moreover, the decisions that might affect environment or business activity in the Union are subject to prior regulatory impact assessment.

Transparency in trade remedy investigations

5.16. The trade remedy practice of the Union is fully transparent. Notices regarding trade remedy investigations are published on the official website of the Eurasian Economic Commission. Each participant of the investigation may also apply for access to full electronic non-confidential record of the investigation through the website.

5.17. Public notices are also forwarded by an investigating authority (i.e. Department for Internal Market Defence, or DIMD) to the competent authority of the exporting third country and other interested parties known to the investigating authority.

EAEU Compliance with WTO Commitments

5.18. Given the competence of the EAEU in some trade policy issues certain commitments taken by the Russian Federation, as well as by other EAEU members during their WTO accessions are being implemented through the decisions taken by the EAEU bodies.

5.19. Conformity of the Union's legal framework and the decisions taken by the Union with the relevant WTO Agreements is ensured by the Treaty on the Functioning of the Customs Union in the Framework of the Multilateral Trading System, which was signed on 19 May 2011.

5.20. The Treaty on the Functioning of the Customs Union in the Framework of the Multilateral Trading System, signed on 19 May 2011, ensures conformity of the law and practice of the Eurasian Economic Union ("EAEU") with regard to application of trade measures, including trade defense measures with the relevant WTO Agreements. This treaty imposes an obligation on Unions' bodies to effectively implement WTO commitments of its Members.

Import substitution

5.21. One of our big trading partners believes that Russia started import substitution immediately after its WTO accession.

5.22. In fact, we started seriously considering this policy two years later, after this big trading partner of ours introduced restrictive measures on trade and economic cooperation with Russia. It was a response to external threats, which limited our access to money and technologies, and threatened to spread into other imports and even exports.

5.23. Import substitution in Russia means creation of competitive domestic production rather than elimination of foreign products from domestic market. For instance, with respect to industrial policy, the key objectives are the development of innovative, high technology, environmentally friendly industrial production, stimulation of scientific research, efficient use of financial, labour and environmental resource.

5.24. It is based not on administrative preferences but on creation of favourable institutional and macroeconomic conditions for the development of domestic enterprises – our future world market champions. In this sense, this policy is very much different from usual import substitution policies applied widely 10-20 years ago by many WTO Members.

5.25. Only in the area of government procurement, where Russia has no WTO commitment in this area, we restricted procurement of some goods from abroad.

5.26. In August 2016, we informed Members about our intention to join GPA, and we will proceed with submitting an offer. Naturally, successful completion of these negotiations may influence these restrictions.

5.27. In agriculture, import substitution is also considered to be within the framework of food security concept. Respective strategies never aim at achieving a 100% share of domestic products in internal consumption and allow for substantial share for imports. All this is in line with our WTO commitments.

5.28. In addition, the Russian legislation does not provide for any preferences to domestic agriculture producers.

5.29. It is also worth mentioning that we take appropriate measures to secure consistency of all our import substitution policies with WTO rules. In case of deviations, like preferences for investors in automotive sector, such deviations are justified by our negotiated accession obligations.

Fossil fuel subsidies

5.30. This is a new trade issue for us, and I fear we may have different views in respect of our policies in the energy sector. We have not registered any internal subsidies in respect of fossil fuels, as they are defined in the WTO Agreement. Duties for oil export decreased in parallel with an increase of natural resources extraction tax. In respect of gas, current export duty is in line with our WTO commitments, and we consider it not as a subsidy but as a fiscal instrument.

5.31. In this context, on Wednesday, some Members brought up our dual pricing for gas. Like many other Members, we do consider dual pricing fully WTO consistent. Nevertheless, our Government decided to gradually approximate incomes from domestic and export sales of gas for industrial users. It's not a secret that energy consumption in Russia per 1 GDP unit is higher than for instance, in France by 4.8 times and Italy by 5.6 times. We acknowledge this problem and will continue to work on its solutions.

Customs

5.32. On Wednesday, many WTO Members appreciated recent developments in simplification of Russian customs formalities revealing common positive attitude to our Customs' performance in this area. The Russian Customs works in close cooperation with international experts assessing cross border operations and procedures according to the indices of doing business ranking. It is highly welcomed that the approach and the methods applied by these experts are being more and more refined with consideration to implementation of stringent indicators set to Customs by the Government and various logistical and infrastructure aspects.

5.33. I would like to note that Russia and its EAEU Partners efficiently coordinate common customs policy through the Union legislation in order to harmonize and simplify customs procedures, including in the areas of customs valuation, rules of origin, classification and customs tariff.

5.34. The new revised Customs Code of the EAEU is expected to come into force in 2017. It will focus among other areas on simplified customs operations and procedures, namely

- implementation of a Single Window concept;
- priority of electronic declaration;
- further reduction of goods release time; and
- submission of declarations without supporting documents.

5.35. Our Federal Customs Service has already de facto implemented a number of many important decisions based on international standards to facilitate foreign trade at the national level. To mention some of them, a single electronic environment for EDI purposes between Customs and other Agencies is established, 99% of all customs declarations are filed electronically, and the number of documents required for customs control and goods release time is significantly reduced in accordance with target indicators set and monitored by the Government.

SPS

5.36. We share the interest to the issues raised by the Members and are aware of the effect of SPS measures on trade.

5.37. As a WTO Member, in applying its SPS measures, the Russian Federation adheres to the standards, guidelines and recommendations of the Codex Alimentarius Commission, World Organization for Animal Health and the International Plant Protection Convention.

5.38. We are ensuring harmonization of the SPS legislation with the relevant international standards both on the EAEU level and at the national level. Harmonization is still an on-going process. To give you some examples: pesticides, veterinary drugs, antibiotics and MRLs are harmonized at the EAEU level. At the national level, we adopted amendments to the Federal Law on veterinary concerning regionalization and introduced electronic certification and traceability.

5.39. The Russian Federation treats with due diligence all concerns raised by the WTO Members within the Committee on Sanitary and Phytosanitary Measures. We aim at resolving them on bilateral basis using different instruments. Together with our trading partners we are open to hold bilateral meetings and consultations. Sometimes they end positively removing a Member's concern. Some issues may need further attention as the risk for human, animals' and plants' lives and health underlying a particular measure still persists.

5.40. I reiterate that our SPS measures are justified and applied to protect human, animal and plant life or health in accordance with transparency principle. In response to specific SPS issues raised during the TPR and repeated at the meeting, we have provided detailed answers in writing.

Lack of predictability of doing business

5.41. I would like to make exemption from the rule not to react to Members' specific comments because of a rather critical nature of the statements made by two particular Members.

5.42. One Member raised some points concerning negative trends in bilateral economic relations. Let us all be clear, all measures by Russia affecting the trade with that Member were taken in response to that Member's own actions and are of a reciprocal and defensive nature.

5.43. As we explicitly laid out in our responses to advance questions, the beginning of decline in bilateral trade with that Member is related to the measures implemented by the Member as a result of its alignment with restrictions introduced by some other WTO Members.

5.44. It is worth mentioning that following this course of trade restrictive action, the Member went much further than those other WTO Members, thus causing great harm to us. The fact is that the Russian economy is also affected by this undesirable decrease of bilateral trade.

5.45. Another aggravating factor was the Member's decision to suspend implementation of the trade-related arrangements within the CIS in the course of the implementation of its FTA with the European Union.

5.46. This is a "lose-lose" situation and we tried our utmost to address it through various channels and formats, including trilateral consultation mechanism. Up to now, all our efforts turned out to be in vain.

Non-implementation of tariff commitments

5.47. This issue was highlighted by many Members and deserves immediate reaction. Indeed, we really had a few problems with implementation of bound rates upon our accession. We achieved compliance well before panel proceedings on request of the complaining Member. We still need to adjust applied tariffs in respect of five tariff lines of paper products. Please note also that the panel decided that the complaining Member – and I quote – "failed to establish its claims of inconsistency with GATT Article 2.1.a) and b) because it did not demonstrate the existence of the systematic duty variation by Russia".

State-owned and state trading enterprises

5.48. We certainly recognize the importance of this issue. In fact, SOEs may be less effective and less commercially successful compared to private companies. That is why it is important to secure proper legal framework, establishing same rules for all companies irrespective of their ownership. That was done in Russia 10 years ago, and state-owned and private companies compete in Russia on equal footing in almost all sectors including banking and energy.

5.49. What is also important, we allow foreign investors to participate in capital of all major SOEs, including Gazprom in the energy sector and Sberbank in the banking sector.

5.50. Like other countries, we plan to gradually privatize some of our SOEs, including in the energy sector. The Government is interested to get a fair price, which can be a bit of a challenge these days, taking into account the drastic depreciation of the national currency.

5.51. And I very much doubt that our situation in respect of SOEs role in economy is specific to Russia. In a number of developed WTO Members in Europe SOEs control 100% of the energy sector. As for Russia, this figure is much lower, depending on the type of energy produced. In top-2000 Forbes list of major world enterprises, about 20% are state owned. This means that the problem is not in the ownership but in the terms of the operation. This is a different issue, and we would certainly be ready to deal with it.

5.52. The time limit for my statement does not allow me to give detailed responses to all the issues raised by the Members within this TPR. Nevertheless, I would like to underline that our delegation will address the rest of them in our written responses and stands ready to discuss them further in any appropriate format.

5.53. In conclusion, I would like to thank Honourable Ms. Irene Young for her brilliant conduct of this meeting, Ambassador Vitalis for his fair and extremely competent contribution, Mr. Alfaro, Mr. Milthorp, Mr. Finn, Mr. Barba, Mr. Marinov and all Secretariat's team for their hard and highly professional work on this TPR, and again all Members for their valuable engagement and cooperation.

DISCUSSANT

Introduction

5.54. On the day that the Russian Federation became the 157th member of the World Trade Organization, then WTO Director-General Pascal Lamy observed that WTO membership was a

priority for Russia and the wider membership because "trade can bring a predictable and stable basis for economic growth". He added that "joining the WTO is a sign of confidence in the organization and in what it can deliver for its members."²¹ It is worth recalling those words as we reflect back on this, the first Trade Policy Review of the Russian Federation, since its accession four years ago.

5.55. A key signal of the spirit in which this process would be undertaken was included in Russia's opening statement on 28 September. This emphasized its express commitment to use the TPR to "listen and to learn." In short, there is a shared understanding about the value of this Trade Policy Review process – it is to inform and help shape trade policy thinking.

5.56. This is an important point. After all, the purpose of the Trade Policy Review Mechanism (TPRM) is not to assess whether a particular trade policy is WTO compatible, i.e. whether it is 'legal' or not. As the Chair reminded the Membership on 28 September in her opening remarks and as Annex 3 to the Marrakesh Agreement makes similarly clear, the TPRM is explicitly not intended to serve as a basis for the enforcement of obligations under WTO Agreements, nor is it to be used for dispute-settlement purposes.²² Rather, the objective of the TPRM is "to enable a multilateral assessment of the effects of policies on the world trading system."²³ This is an important distinction and has informed my approach – as an economist – to the role of Discussant in this review process.

5.57. It is against this background that I have drawn three specific conclusions from this TPR. These are based on listening closely to the exchanges during the review process itself as well as reviewing the written answers Russia has submitted to date:

1. **Membership matters:** Russia's membership of the WTO has been a benefit to it and the wider membership, not least when one considers the alternative;
2. **Progress positive since 2012, but more is needed:** Taken together, progress since 2012 in terms of Russia's Protocol of Accession has been, on balance, positive but there remains a considerable amount of work to be done; and
3. **Being WTO consistent is not necessarily the same as having a good trade policy:** Some measures that Russia is currently using may not necessarily contravene its WTO obligations. The more pertinent question in terms of the WTO's Trade Policy Review Mechanism is, however, whether those measures are in fact (a) good trade policy; and (b) how they impact on the multilateral trading system.

5.58. As a factual matter, I want to make clear that this last point is not unique to Russia's TPR. It has featured in other recent TPRs and that has not been conducive to the kind of exchange we should be having in this format. This is a matter that Members may wish to reflect on, including in the context of the actual purpose of this important mechanism for WTO transparency.

5.59. With the above three conclusions in mind, the following clusters a number of particular observations as follows:

- General Comments;
- Structural issues;
- Sectoral issues; and
- Systemic issues.

5.60. Please note that in the interests of time I have not covered every issue raised by Members through this review. Rather, I have sought to identify those matters where there appeared to be particular insights to be gained in policy terms which Russia might find most useful in terms of its own consideration of further reforms.

²¹ https://www.wto.org/english/news_e/pres12_e/pr671_e.htm accessed on 28 September 2016.

²² See the full text at: https://www.wto.org/english/docs_e/legal_e/29-tprm_e.htm accessed on 29 September 2016.

²³ https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm11_e.htm accessed on 29 September 2016.

General Observations

5.61. This TPR has reaffirmed that the Russian Federation remains a significant actor in both trade and economic terms. Many Members in their own assessments underlined the value of WTO accession both to the Russian Federation, but also to themselves and to the "health" of the multilateral trading system. The unhappy period prior to accession was recalled by many Members, noting – and in some cases enumerating – the substantive improvements since then. Others underlined the need for more effort by Russia to fully realize the benefits of WTO membership.

Trade and Structural Issues

5.62. It is noteworthy that Russia and many Members in their interventions during the TPR process highlighted the structural challenges that Russia has faced following its recovery from the Global Financial Crisis (GFC) of 2008-09. Many of you also highlighted that by 2013 those initial improvements that Russia made were and remained at risk.

5.63. Many Members suggested that this emerging risk was a consequence *in part* of two factors – the declining oil price and the imposition of bi-directional sanctions. I do not necessarily concur with the implication that these are the only reason for the challenges that Russia is facing.

5.64. The contraction rates in GDP since 2012 which many Members explicitly noted reflect in my view a rather different set of structural difficulties. Comparing the movement underway in Russia's exports and imports since 2012 is instructive. By way of a concrete example, in 2012 Russia's exports (fob) were worth nearly US\$535 billion. By 2015, these had declined to US\$344 billion. Compounding this shift has been the decline in imports, from US\$316.2 billion in 2012 to US\$182.8 billion last year.

5.65. These contractions are structural. They cannot be adequately explained only by the combination of collapsing oil prices and bi-directional sanctions. Rather, the impact of both has been compounded by slow-moving structural reforms, declines in trade flows; diminishing levels of investment across the economy, regulation that is hampering business growth and innovation, alongside increased state intervention. It is these factors, rather more than falling oil prices and bi-directional sanctions which are hampering Russia's ability to achieve its own stated trade policy objectives.

5.66. More directly, Members appeared to broadly concur that immediately post-accession, Russia's trade policies were heading in the right direction.²⁴ Many contrasted, for instance, the situation at the Russian border before accession with the post-accession period, noting the decline in tariffs and uncertainty, even if several of you also identified ongoing difficulties, in some cases serious ones.

5.67. In terms of specific structural recommendations, many Members encouraged Russia to transition to ad valorem tariff rates exclusively, rather than the mixed approach which is utilized in some parts of Russia's Schedule of Commitments. It is clear that such a transition would deliver both transparency and efficiency, while providing benefits to domestic producers and consumers.

5.68. The following three broad elements – *the Eurasian Economic Union (EAEU); the World Bank's 'ease of doing business' index; and Russia's shift to import substitution policies* – emerged as particular areas of interest in structural terms from the exchanges on 28 September.

The Eurasian Economic Union (EAEU)

5.69. The Eurasian Economic Union was of particular interest to Members. Almost all Members referred to this evolving body and I expect therefore that this will be a particular focus for the next review when the EAEU will be much more firmly embedded as a core element in Russia's trade policy-making process.

²⁴ https://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm accessed on 17 September 2016.

5.70. It was interesting to note too that all of the members of the EAEU, including Belarus which of course is not yet a WTO Member, underlined their expectation during this TPR that the EAEU would be an important catalyst for trade growth over time – a perspective that is more widely shared as well.²⁵ That said, many Members underlined the need for the EAEU and Russia to make more progress more quickly in clarifying where specific competencies lie, as well as to enhance trade facilitation procedures within the bloc and for third partners. Russia's written responses to questions in this regard are worth reading very carefully in this context. It is clear too that Belarus' membership of the WTO would further intensify integration of this body into the multilateral trading system.

Ease of Doing Business

5.71. Almost every Member who took the floor referred in positive terms to Russia's rapid move through the rankings in the World Bank's Ease of Doing Business index. Russia was encouraged to work on further improvements to ensure that its own formal policy objective of reaching and staying in the top twenty can be achieved.²⁶ To state the obvious, in trade policy terms, improving the way companies can do business in Russia will have positive structural effects including to drive trade and investment flows.

Import Substitution and Trade Policy

5.72. Arguably the policy measure which attracted the greatest interest from Members was Russia's establishment in August 2015 of a Governmental Commission on Import Substitution.²⁷

5.73. The written question and answer process and the statements delivered on 28 September are worth reading on this particular policy measure. Several questions queried the WTO compatibility of the measure. As several Members made clear during the exchanges on 28 September, while Russia is of course entitled to use all WTO-consistent policy options, it should be seeking the least trade distortive ones, not least to promote its own economic recovery. Moreover, while Members may be reassured by assertions that the measure is WTO-consistent, the actual questions for this TPR must be, as I noted in my introduction: (a) is it good trade policy? and (b) what is its impact on the multilateral trading system?

5.74. The response to both questions in terms of import substitution is, in my view, straightforward. I have not heard in the exchanges during this TPR, nor read in the written responses a persuasive economic, let alone trade policy rationale for this measure.

5.75. Import substitution is a policy that was a staple of the 1960-1980s, including in my own country. Such policies retard trade and competition, thereby having a chilling effect on domestic innovation. In New Zealand's case one cannot even say that the results of import substitution were mixed. They set back by a decade the development of New Zealand's manufacturing and agricultural sectors. If the history of such measures in other Members is any guide – and several other Members referred to their own negative experiences – there is also a serious political economy risk. This is that such import substitution will create its own domestic constituency who will have a vested interest in retaining the mechanism to preserve their 'rents'. This risks subverting the stated purpose of Russia's trade policy which is to provide "temporary" relief given the challenging economic circumstances it finds itself in.

5.76. As to the impact of Russia's import substitution policy on the multilateral trading system, many Members have observed that their working assumption remains that this will be negative, not least given the economic influence Russia exerts in its immediate region and beyond. Russia is encouraged therefore to reflect on these assessments and the international experience of others as it considers the way forward with this policy.

²⁵ See for instance: F. G Carneiro (2013) *What Promise does the Eurasian Customs Union Hold for the Future?* The Economic Premise, World Bank, Washington, February, Number 108

²⁶ See in particular: Government of the Russian Federation Number 467-r of 29 March 2013 which included a specific objective of moving from its then 120th ranking to 20th by 2018.

²⁷ Government of the Russian Federation Resolution Number 758 of 4 August 2015.

5.77. In the meantime, formal confirmation from Russia that this policy instrument is indeed a temporary measure will be a welcome signal for Members. It will also be important for the next TPR to "check-in" on the evolution or abolition of this newly established instrument of trade policy.

Sectoral Issues

5.78. Many Members raised questions about a range of sectoral policies such as those in place in the automotive, manufacturing, fisheries and agricultural sector, including in terms of their impact on the multilateral trading system. Concerns were expressed, for instance, by many Members about the apparent absence of science-based risk assessment for SPS-related measures.

5.79. In some cases, it may be too early to fully assess the impact of particular policies both on Russia and on the wider multilateral trading system. That said, several Members indicated concern about the direction of travel for policies in particular sectors. Others have outlined in some detail the immediate and negative effect of some measures and these will need to be urgently addressed by Russia.

5.80. In fact, the initial indications in a number of sectors appear to be discouraging, both from the perspective of Russia's own stated trade policy priorities, as well as the likely impact on the multilateral trading system. I note in this regard particularly the comments by Members regarding, for instance, the impact of subsidies to vessel construction in the fisheries sector, as well as questions about the potential for policies aimed at supporting manufacturing in general and the automotive sector in particular. There is a perception that some of these may have trade distorting impacts beyond Russia's borders.

5.81. Taken together, it will be important for the next Trade Policy Review to reflect – with the benefit of a more meaningful time series data set – on what progress has been made and what needs to be done to ensure that the full competitiveness of specific sectors can be realised.

5.82. In terms of notifications, many Members encouraged Russia to ensure that it complies with its transparency obligations. Ten such notifications in specific sectors of the WTO's work are now overdue. Russia's assurances that it intends to meet its obligations in this regard are welcomed and Members will no doubt look forward to considering these in the appropriate regular bodies.

5.83. In the meantime, and from the perspective of notifications for both agricultural domestic support and export subsidies, several Members commended Russia for being one of only four Developed Members that is up to date in these areas.²⁸

Systemic Issues: Preferential Trade Agreements; Fossil Fuel Subsidies; and the Ongoing Post-Nairobi Negotiations

5.84. As in previous TPRs, Members have identified a number of systemic issues of ongoing interest and in this respect, this TPR was no different.

Preferential Trade Agreements

5.85. In their statements on 28 September, many Members expressed considerable interest in Russia and the EAEU's approach to preferential trade agreements. A particular avenue of inquiry was how specifically such agreements will support the multilateral trading system. Several Members also encouraged Russia to ensure quality and comprehensivity in any negotiated outcomes, noting that this would send an important signal about Russia's long term trade policy perspective. Russia's reassurances in this regard were welcomed, as indeed were Viet Nam's which is the first WTO Member to conclude an agreement with Russia and the EAEU. Advice about the ratification and implementation of this new agreement was also appreciated and Members will look forward to hearing more details about this in line with the existing transparency requirements.

²⁸ The others are Australia, New Zealand and Norway (JOB/AG/80 refers).

Trade and Fossil Fuel Subsidies

5.86. Given that Russia has the second largest reserve base of coal and is the second largest producer of fossil fuels more generally, it was not surprising that several Members referenced the need for Russia to consider reforms of its subsidies for fossil fuels. In terms of specific policy suggestions, Russia was encouraged to join other G20 and WTO Members in participating in a peer review of its policies in support of fossil fuels with a view to further reform. The contribution this would make to achieving UNSDG 12 was also highlighted.

Post-Nairobi Negotiations

5.87. Russia's strong commitment to the ongoing negotiations post-Nairobi was referenced in its opening statement, as well as in a number of its written responses to questions. This was warmly welcomed.

5.88. Members will also have taken careful note of Russia's comment about the role of Article XII Members. Russia observed that the contributions made by those (Article XII) Members to "advancing trade liberalization" should be taken into account in any negotiation. Russia also made clear that "Article XII membership should not by itself mean endless shelter from further liberalization commitments. We, thus expect of other Article XII partners to continue to be responsible WTO Members making their further contribution to reaching the goals of the Organization".²⁹

Conclusion

5.89. Taken together, the reforms codified in the Russian Federation's Protocol of Accession were significant and far-reaching. The Secretariat's report combined with Members' written questions and Russia's answers as well as the exchanges on 28 September during the formal TPR chart the progress that the Russian Federation has made, both in the immediate aftermath of its accession to 2014 and – if rather more slowly - thereafter. It is also clear from this TPR that more needs to be done and, in some cases, in an intensified manner if the full benefit of WTO membership is to be realized, both by Russia and by the multilateral trading system.

5.90. As Members are well aware, however, securing the benefits of WTO membership and ongoing economic and trade-related reform is far from automatic. The greatest positive welfare effects accrue to Members that demonstrate a sustained commitment to domestic economic policy reform which is well organized and implemented coherently. The period ahead in Russia therefore needs to be viewed as an opportunity to use the WTO accession to help transform its domestic economy into a genuinely competitive and innovative one.

5.91. In my introductory comments, I observed that I had drawn three conclusions from this Trade Policy Review. These were that:

1. WTO membership matters;
2. Russia's progress since 2012 has been, on balance, positive, but there are some risks emerging and certain serious issues have been identified since 2014 that require urgent attention.
3. Being WTO consistent is not necessarily the same as having a sound trade policy. In the context of the TPR process, the test of a policy should not be its legality – that should be a given. Instead it should be whether it is sound economic or trade policy; and how the measure may impact on the multilateral trading system.

5.92. Finally, it is to be hoped that addressing many of the constructive questions Members have posed through this Trade Policy Review process, including the focus on structural, sectoral and systemic issues can help shape and inform domestic economic reform in Russia over the coming period. In this way, the TPR will have measurably assisted in delivering on the promise enunciated by then Director-General Pascal Lamy when he welcomed Russia's accession to the WTO

²⁹ See for instance, Russia's Written Response to a Written Question from Oman. A similar point was included in Russia's Opening Statement to the TPR on 28 September, 2016.

suggesting that it would deliver "a predictable and stable basis for economic growth".³⁰ In this context, therefore, the next and second TPR of the Russian Federation will be a crucially important check-point for progress both for Russia and for the multilateral trading system.

UKRAINE

5.93. Ukraine is highly affected by the Russian Federation's trade policy. As Members know well, our traders and our economy have been very negatively impacted by a series of restrictive trade measures implemented by the Russian Federation during the past several years.

5.94. Ukraine has posed a number of questions concerning trade and transit restrictions, technical regulations, SPS measures, customs requirements, domestic support, and anti-dumping measures, among other policy areas.

5.95. The TPR provides an opportunity to exchange information to improve the functioning of the multilateral trading system.

5.96. Unfortunately, the Russian Federation's inadequate and often dismissive responses have disappointed again. In this context, we would like to make five reflections based on its answers or lack thereof.

5.97. First, the Russian Federation conducts a highly politicized trade policy. It uses trade as a punishment tool.

5.98. Second, WTO Members should not refuse to be responsive to partners' concerns and requests as the Russian Federation has repeatedly done.

5.99. For example, we refer Members to the Russian Federation's non-answer to our questions regarding import prohibitions. As we have noted over the past several months and years, an increasingly long list of Ukrainian goods are simply blocked from entry into the Russian Federation without adequate justification.

5.100. Or, there is the longstanding trend of the Russian Federation's use of SPS measures to block or slow many Members' trade. Unfortunately, the same approach is increasingly applied in terms of TBT measures as well.

5.101. Third, there is also a very worrisome subtext about the Russian Federation's unilateral interpretation of WTO rules to suit its needs.

5.102. There is not one set of rules for the Russian Federation and one set of rules for the rest of us. We refer Members to the Russian Federation's views on FTAs as justification for imposing retaliatory trade measures as just one example.

5.103. Fourth, the imposition of transit measures blocking our trade to third countries is a new dimension to the Russian Federation's trade policy. While the rest of the WTO is hailing the utility of the Trade Facilitation Agreement, the Russian Federation is actively moving in the entirely opposite direction, by systematically blocking trade and trade in transit. This should be a concern to all.

5.104. Finally, our fifth systemic concern relates to the Russian Federation and the Eurasian Economic Union (EAEU).

5.105. WTO Members have been trying to pin down how EAEU authorities and law overlap and interplay with Russian authorities and national law since Russia's WTO accession. Unfortunately, the Russian Federation's answers continue to fog this critical issue.

5.106. The Russian Federation failed to answer several basic questions about how the EAEU formulates, decides, and implements specific trade policies. This is basic transparency that would be required of any other WTO Member.

³⁰ https://www.wto.org/english/news_e/pres12_e/pr671_e.htm accessed on 28 September 2016.

5.107. Customs Unions are not meant to establish an impermeable trade wall within which Russia can control international trade for its own purposes. Indeed, WTO rules allow customs unions only when they are overall trade liberalizing.

5.108. Increasingly, it seems that the Russian Federation uses Customs Union structures and rules to exercise Russia's political trade policy and to keep the markets of other EAEU countries captive for Russian suppliers.

5.109. We truly appreciate the work that the Secretariat, other WTO Members and you Chair do to work through and analyse these critical issues. It is a rare moment when the wider trading community focuses on the details that we, unfortunately, face as a normal matter of business on a daily basis.

UNITED STATES

5.110. We wish to speak briefly today, first to thank Mr. Medvedkov and the Russian Federation delegation for their constructive participation in this first TPR. It has been good to see many familiar faces back in Geneva - congratulations to you all on accomplishing this important "rite of passage" for WTO Members.

5.111. For all of the hard work and coordination required by a TPR, the United States consistently finds this exercise to be helpful for us during our biennial reviews. As we've heard just now from Ambassador Vitalis, it's good to hear the views of other Members, to learn of their interests and concerns, and to be reminded of the value of transparency and constructive scrutiny. We hope that our Russian colleagues will leave this process with similar impressions.

5.112. We thank Max and his team for the thought that went into preparing the statement we have heard this morning. The Russian delegation has clearly listened carefully during this review, and we appreciate the reflections offered in response, even if we may not agree with all of them, such as import substitution. We welcome the reflections by Ambassador Vitalis as to consideration of what is good trade policy.

5.113. Again, we thank the Russian Federation for providing written answers to our questions. Most of the answers were helpful, although some were rather perfunctory. In any case, these written exchanges will give us a basis for ongoing discussion in the context of our relationship here at the WTO. We have submitted a few follow-up questions, and will appreciate replies within the established timelines.

5.114. It has been particularly interesting for us to participate in this TPR and to observe some common themes, both from Member statements and the views of our very able Discussant.

5.115. Clearly, the large number of Members who participated actively in this TPR reflects the widespread interest in Russia and its trade policies. This is to be expected, especially for an economy of Russia's significance. It has struck us that this interest is also very much connected to some common threads of concern with regard to Russia's trade policies and how some of those policies relate to the commitments Russia undertook in becoming a Member.

5.116. As I've mentioned, we've taken particular note of apparent broad concern with respect to policies that appear to be driven by motivations of import substitution. We expect to follow up on some of these concerns through the activity of other WTO committees.

5.117. We also have noticed common themes of concern in this room regarding fossil fuel subsidies, questionable imposition of additional sanitary/phytosanitary measures, restrictions on transit, inadequate protection of intellectual property rights, and an unpredictable investment climate. We've heard from Director Medvedkov this morning on all of these issues, which is helpful. Clearly, we need to look for ways to maintain an ongoing dialogue on these and other issues.

5.118. In closing, let me again say thanks to our Russian colleagues for their serious approach to this important process, and to wish safe travels to those returning to Moscow.

EUROPEAN UNION

5.119. We welcome the Russian delegation, led by Mr. Maxim Medvedkov, back to the second day of the 1st Trade Policy Review of the Russian Federation.

5.120. As you have noted, the EU pays very close attention to the trade related policies of the Russian Federation. And this should be of no surprise: the EU is the most important trading partner of the Russian Federation and a source of significant flows and stocks of foreign direct investments.

5.121. This is a trade policy review - not trade "politics" review; so I will abstain from commenting on the Russian delegation's remarks about sanctions.

5.122. We fully share the remarks by the Discussant that we are here not to assess the legality of Russia's trade measures, but rather whether these measures make good trade policy. We invite Russia to respect the letter and spirit of the WTO agreements. We should all make efforts to devise good trade policies, rather than to construct legally viable bad trade policies.

5.123. We have expressed our assessment of the first four years of Russia's WTO membership already quite clearly on the first day of this review. In doing so, we are convinced that a relevant and straightforward feedback from both sides on how we see the trading policies of the Russian Federation can substantially contribute to a positive development of our mutual trading relations. That was also the reason why we highlighted some very real problems to our Russian partners from our perspective.

5.124. It is worth noting that a number of issues raised in the EU statement were mentioned by several other WTO Members as well, indicating that the EU perception of Russia's trade related policies is in line with those of other important trading partners. Therefore, we sincerely hope that these messages can help improving Russia's trade and economic policies back in the capital.

5.125. The Russian Federation is an important player in the WTO system; it has demonstrated a good record of agriculture related notifications and constructive participation in the Trade Facilitation Agreement negotiations. EU is of the opinion that a policy of economic opening and trade liberalization, together with consistent implementation of WTO rules, are the most effective tools to achieve a full and sustained economic recovery, after an uneasy period of recession.

5.126. We would like to thank the Russian Federation for its efforts in answering our 114 advance questions and their contribution to this exercise. However, after an analysis conducted quickly by the EU, we regret to note that some Russia's replies are still missing the point. On some occasions we have even noticed considerable divergences between the information provided in the replies and the actual situation occurred.

5.127. Therefore the EU would strongly urge the Russian Federation to provide more detailed information in number of areas, notably on subjects such as:

- Import substitution policies – for example in the car sector where you can have subsidies if you have an agreement with the ministry that imports are related to an "industrial assembly mode". However, there is no definition of what that is and the outcome is that smaller foreign operators who do not buy parts in the local market are discriminated against. Furthermore, we would like to recall - in reaction to the statement of Russian Federation just now – that the import substitution policy was already there before the accession to the WTO. In this context, we once again share the remarks of the Discussant that import substitution policies remain bad in the short and long term;
- The actions and role of some STEs – while we can agree that state ownership is not necessarily a negative factor, the state behaviour and regulatory environment certainly are;
- EAEU – the EU fully supports regional integration that is outward looking and aimed at increasing and liberalizing trade, however, this has not been the case recently;

- Customs documentation and procedures – we note with interest that Russia will adopt a new Customs Code next year that will include some important TFA provisions and look forward to its implementation;
- Compliance of some measures to the SPS Agreement – the interpretation of the spirit and letter of the rules governing SPS measures clearly differs among some Members. For example, in relation with the export ban on fishery products of some EU Member States Russia stated that – and I quote – *"the EU competent authorities were duly informed, preliminary consultations were held on the identified violations, and the competent authorities were alerted on possible temporary restrictions if these violations would not be eliminated. So the exporting countries had possibility to take corrective measures, but they did not use a chance"*. However, this was hardly the case. The Russian Federation audit to relevant enterprises took place 17-23 May 2015; on 25th of May Rosselkhoznadzor published information about the audit. On 3rd of June, the relevant office in the EU was informed by phone that all imports of fisheries products from that particular EU Member were suspended. We would invite the Russian Federation to address SPS related issues in a much less trade disruptive matter.
- Business environment – Russian Federation should feature much higher in the Ease of Doing Business ranking. The fact that it has lost trade with most of major trading partners, clearly indicates that there remains more to be done. Legal certainty and predictability is of utmost importance as demonstrated also by the issue of tariffs on paper products that was a negotiation issue before the accession, became an implementation issue immediately after it, and still continues to be a problem;
- Regulatory practices and standards.

5.128. To that effect we have submitted several follow-up questions on those and other issues and we would expect the Russian Federation to deliver satisfactory replies and provide necessary details within the established timeframe after this meeting.

5.129. To conclude, the EU wishes to thank the Russian Federation for its committed and helpful participation in this important transparency exercise. We look forward to the next TPR and hope to see improvements and more positive developments on the ground.

IRAN (OBSERVER)

5.130. The Russian Federation became the 156th WTO Member in August 2012 after a long process of negotiation on accession during which it could make an impressive reform in its legal regime to be able to comply with the WTO obligations. It could also make significant economic reforms particularly in liberalizing market and creating diversified market-driven economy.

5.131. The Russian Federation has become the 77th WTO Member to ratify the new Trade Facilitation Agreement (TFA). The Russian Federation's Minister of Economic Development, H.E Mr. Alexey Ulyukayev, met with Director-General H.E Mr. Roberto Azevêdo on 22 April and presented his country's TFA instrument of acceptance.

5.132. The Islamic Republic of Iran commends Russia's establishing a single window as a pivotal part of TFA and believes that such an important move opens up a new horizon for the country's trade policy sound and adopted with WTO rules.

5.133. The volume of Tehran-Moscow trade transactions has increased considerably since 20 March this year, and the number of visas issued for tourists and businessmen have also increased by 100%. Iran and Russia have also boosted their trade transactions by 70% over the past six months in the current year.

5.134. Signing different documents between the two countries, especially in the trade and economic fields, and also setting up Russia's 5-billion-dollar credit line that has also been approved by the Iranian Parliament shows the two countries' serious determination to develop their relations. Referring to the agreements, reached between Iran and Russia in the 12th Iran-Russia Joint Economic Cooperation Commission session, the two sides expressed their readiness for

development of all-out ties. Therefore, the Russian Federation remains a key partner in our total trade.

5.135. In spite of adversely affecting developments in recent years, causing hurdles and leading into oil price slump and devaluation of the Rouble and decrease in trade with some countries, the Russian Government responded appropriately utilizing an anti-crises plan aimed at stabilizing the banking sector, a fiscal stimulus, switching to a floating exchange rate regime, and introducing an import substitution programme. As per to the IMF report, the Russian Federation is on a stabilization course.

5.136. Finally, it is believed that Russia, with great potentials in its economy, enjoying highly educated population, vast resources of oil and gas among others, can deal with economic challenges and meet WTO rules and regulations specially through the acceleration of economic reforms aiming at enhancing competition in goods and services markets, improving property rights, and revamping transport and telecommunications infrastructure to improve the business climate and boost investment.

6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1. This is the first Trade Policy Review of the Russian Federation since its accession in 2012. Therefore, as some delegations have pointed out, it is the first opportunity for Members to learn about developments in the Russian Federation's economic and trade policies since then, and to review the country's participation in the multilateral trading system as a Member of the WTO.

6.2. During this 2-day meeting, we have had a useful discussion, thanks to the contributions from the head of the Russian delegation, Mr. Maxim Medvedkov, Head of the Department for Trade Negotiations of the Ministry of Economic Development; our discussant, Ambassador Vangelis Vitalis from New Zealand; and also the 53 delegations that have taken the floor.

6.3. This Review took place at a time when the Russian Federation faced a challenging economic environment. While the sharp decrease in GDP might have stabilized and growth was expected to resume next year, the recovery seemed slow and modest. During the discussion, Members noted that the fall in oil prices, the sanctions imposed on the Russian Federation by some countries, and the counter measures taken by the Russian Federation were among the main reasons for the contraction in the economy. There were ongoing structural reforms to diversify the economy and reduce reliance on hydrocarbons. However, several delegations stated that more could be done, given the high level of education, excellence in technology, and the wide range of resources available in the Russian Federation.

6.4. Members had a frank exchange on how Russia's trade policies could best be oriented to make a difference. More specifically, several Members noted that the Government's response to the economic crisis had focused on three principal measures, namely: a fiscal stimulus; the floating of the Rouble by the Central Bank; and import substitution. While the first two were viewed favourably in general, some delegations questioned how the third could align with the basic principles of the WTO. They pointed out that policies based on this objective would undermine trade liberalization efforts and discourage competition, which would be detrimental to sustainable economic growth.

6.5. From the trade policy perspective, this is also an interesting time for a review, because the expanding roles of the Eurasian Economic Union and the Eurasian Economic Commission mean that many policies and practices are now decided and applied at a regional rather than national level. Examples include the common external tariff, the development of a new customs code, negotiation of free trade agreements, and the investigations and application of contingency measures. During this Review, many Members sought further information on the policies of the Union and the legal competence of the Commission.

6.6. Commenting on its participation in the WTO, most delegations acknowledged that the Russian Federation was an active Member, and had made significant contribution to multilateral negotiations. Many highlighted the considerable progress that the Russian Federation had made in liberalizing its trade regime both before and after accession to the WTO. The Russian Federation was commended in particular for its ratification of the Trade Facilitation Agreement, tariff reductions, simplification of customs procedures, participation in the Information Technology Agreement, as well as improvement to its intellectual property legislation.

6.7. As noted by many delegations, these reforms had helped the Russian Federation move up quickly in the World Bank's Ease of Doing Business index. In addition, the country was recognized for having met many of its notification requirements, and indeed for being one of the only four developed country Members that had updated its notifications on domestic support and export subsidies for agriculture. However, several notifications were still outstanding, including those on state-trading enterprises.

6.8. Some Members expressed concern about the local content requirements that the Russian Federation applied to its government procurement and state-owned enterprises. These requirements could be particularly trade distorting, given that the state was heavily involved in the economy through the companies that it owned and controlled, which altogether represented over half of the country's GDP and dominated key sectors such as banking, transport and energy. Many Members suggested that better governance of these companies, restarting the stalled privatization

programme, along with accession to the WTO Government Procurement Agreement could help improve transparency, reduce distortions and stimulate growth.

6.9. Several delegations were particularly concerned about the Russian Federation's use of SPS and TBT measures that were apparently not based on international standards, as doing so had created considerable trade barriers for them. Furthermore, they were concerned about restrictions on import to the Russian Federation and on the transit of goods through the Russian Federation to other countries, which had greatly reduced trade. They were of the view that the lack of transparency and predictability in the administration of these measures had posed additional difficulties for their traders.

6.10. Many other issues were raised during our discussion, including fossil fuel subsidies, fisheries subsidies, use of contingency measures, efforts in fighting corruption, the use of non-*ad valorem* tariffs, and incentives conditional on strict localization requirements.

6.11. The Russian delegation has taken this opportunity to explain its economic strategies and foreign trade policies. It had also responded in detail to Members' comments in the key areas. It acknowledged the systemic trade and economic challenges that the country was facing, and found solutions in export diversification, development of domestic high-tech industries and of small and medium-sized enterprises, as well as exploring new opportunities in foreign markets for trade and investment.

6.12. The delegation affirmed the Russian Federation's strong support for the multilateral trading system and its adherence to WTO rules. It also underlined the country's determination to continue playing an active and constructive role in all areas of WTO activity. The Russian Federation looked forward to developing mutually beneficial trade and investment relations with other WTO Members.

6.13. Overall, the active participation of Members during these two sessions and the large number of advance written questions were testimony to the importance of this exercise and of Members' interest in the Russian Federation's trade policies. This Trade Policy Review will be completed within the next month when the Russian Federation has replied to all outstanding questions.

6.14. Although the Russian Federation is facing a challenging economic environment, it also has many advantages in minerals, hydrocarbons, agriculture, forestry, fishing, and, most importantly, human resources. I very much hope that an open and transparent trade and investment regime, reinforced by good policies based on WTO principles, commitments and rules, would help the Russian Federation diversify its economy and maximize its growth potentials.
