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RUSSIAN FEDERATION

Statement Circulated by Mr. Vladimir Karastin,
Deputy Minister for External Economic Relations and Trade
(As An Observer)

On behalf of the Government of the Russian Federation and our delegation let me welcome all the participants of this Conference and express gratitude to its organizers for the possibility to participate in such an authoritative international forum.

The present Conference is an outstanding event in the life of the World Trade Organization. In many aspects it will indicate the guidelines for the further development of the international trading system for the period till the end of this millennium and into the 21st century. Having made a definite choice in favour of a full membership in the WTO, the Russian Federation has an objective interest in strengthening the Organization, making it more universal, further improving the international trading rules against the background of the rapid changes in the world economy.

The strategic course of Russia is the every possible increase in foreign economic relations, progressive change of the structure of its exports, integration into the world economy. To a great extent this would be facilitated by the transformation of our country in an integral part of the multilateral trading system. We consider the accession to the WTO as an additional factor of deepening the market reforms and securing the sustainable economic development.

As a result of market reforms, the economic results of the year 1997 laid the ground for macroeconomic stabilization and renewal of economic growth in our country.

We have adopted a number of decisions, including legislative ones, in the financial and institutional area, aimed, in particular, at the reduction in Government expenditures, the strengthening of the Government control over the activities of natural monopolies, introduction of a bidding system of government procurement.

The characteristic feature of the last year was the beginning of large-scale reforms in the social sector and housing and utilities. Monetary income of the population increased by 2.5 per cent in real terms. The rate of unemployment decreased (from 3.4 to 2.8 per cent of economically active population). The annual rate of inflation was about 11 per cent, which is twice less than in 1996.

Nevertheless the economic situation in our country is not an easy one. There are well-known budgetary problems, which are primarily due to the poor tax collection. To this I must add that the financial system of our country has experienced unfavourable consequences of the crisis in the stock

markets of some South-East Asian countries. For the first time Russia really felt the real interlinkages between its market and the world finances.

This year is of particular importance for us in respect of the negotiating process on the accession to the WTO. At present the multilateral, "information" component of the accession process is in the advanced stage, bilateral tariff negotiations on the basis of the Russian offer have been launched and are continuing successfully. In the near future we will submit our initial offer on services.

I would like to take this opportunity to extend our gratitude to Member countries for a constructive stance in our Working Party and general support of our accession to the WTO.

We have a pragmatic task before us, bearing in mind that the trade regime for Russia should improve after the accession to the WTO. In exchange, our partners would get stable and predictable conditions of access to the Russian market.

We understand that these issues should be resolved in the course of the negotiations and we are ready to pursue them with all the interested Member countries. What we have at present at the "negotiating table" are our initial proposals, and that is how we would like our negotiating partners to consider them.

At the same time we would like to express the hope that, as we have mentioned on several occasions, our negotiating partners would refrain from requesting the acceding countries, including Russia, overly excessive and unjustified commitments, as compared to the obligations of the existing WTO membership.

I am confident that we will be able to find appropriate solutions within the WTO which is a pragmatic organization.

The Conference should examine issues of importance to the WTO system and outline the perspectives of liberalization of the world trade for the period after the year 2000. All these issues are of great interest to Russia and we would not only like to be observers to the realization of these perspectives.

I wish everybody successful work.
