

# FINANCIAL TIMES

## **Policymakers welcome Russia's WTO accession**

By Charles Clover in Moscow

December 16, 2011 6:13 pm

Policymakers on Friday hailed Russia's formal accession to the **World Trade Organisation**, saying it will benefit European countries and make Russia a more competitive economy.

The final documents on Russia's joining were to be signed in Geneva on Friday, formally marking the end of Moscow's 18-year quest for membership in the trade body. Russia now has six months to ratify its membership. It will become a member a month after ratification.

**Philipp Rösler**, the German economics minister, said in Berlin that Moscow's membership was "good for Germany, good for Russia and good for the WTO", as it would create a more stable framework for doing business with Russia.

**Kirill Dmitriev**, head of the Russian Direct Investment Fund, said that WTO membership could raise Russian growth by 10 per cent over the next five years and could help provide a solution to the European financial crisis.

"The way out of the European crisis is free trade and more cross-border investment," he said, calling the signing on Friday "a very important milestone".

Russia has agreed to slash tariffs, get rid of industrial subsidies and allow foreign companies greater entry into its domestic market.

The most important concessions offered by Russia, according to experts, are in market access for foreign service sector companies and banks, which were eagerly sought by European Union states.

The Kremlin agreed that in the years following accession, foreign telecommunications companies will no longer be limited to 49 per cent equity in Russian businesses, and foreign banks will be allowed to establish subsidiaries, with no cap on foreign capital participation in individual Russian banks.

The agreements will help Russia raise investment abroad and counter the perception that the country is a bad place to invest in, offering, in the words of one analyst, a "good housekeeping seal of approval".

However, **Mr Dmitriev** cautioned that Russia and its trade partners still need to do a lot of work to bring their legislation into line with their commitments. He mentioned in particular the US, which has yet to abolish the Jackson Vanik amendment, a cold war-era legislation which gives Congress the right to revoke Russia's most favoured nation status.

**Anatoly Chubais**, head of Rusnano, the Russian nanotechnologies state corporation, who was co-chairing a round-table discussion of Russian and EU industrialists in Brussels, said the move formalises "Russia's return to the civilised world".

**Mr Chubais** hopes that new agreements on partnership and co-operation with Europe will be signed next year, followed by an agreement on creating a Russian-EU free trade zone.

"We understand clearly that a series of much more significant events than simply the accession to the WTO will take place as a result," he said.