



30 May 2012

Russia and the World Trade Organization

On 31 May 2012, an international conference **“What Will Happen to Russia in the WTO: International Experience”** is to be held in Moscow at 11h00-17h00pm (Moscow time), with live internet-coverage on www.wto-inform.ru, bringing together experts from China, Ukraine, Kyrgyzstan, Moldova, Greece, Canada and other countries, as well as speakers from Russia.

Public Services International, representing 650 affiliates in 150 countries, is deeply concerned about Russia’s situation, noting that our members around the world have long been experiencing the negative impacts of operating under the General Agreement on Trade in Services (GATS), a treaty of the World Trade Organization. The record shows in other countries that joining the WTO has hurt and narrowed access to public services, including through privatization, job losses, and deterioration of infrastructure and skills.

PSI affiliates worldwide are also deeply concerned that the Russian people are deprived of their right to a referendum on accession to the WTO. Public Services International supports demands for a referendum on the WTO in Russia, and postponement of the ratification process.

There are also clear public demands for a thorough and transparent examination of the conditions and commitments signed by the WTO and the Russian government. PSI endorses the request for answers to the numerous questions raised by the people and workers of Russia regarding the potential for a Russia-WTO agreement to bring about the steady destruction of domestic industry, agriculture and services for the benefit of the few who open the doors to the Russian economy.

The joint Working Group of the World Trade Organization and the Russian government proclaimed, in December 2011, that after 18 years of negotiations behind closed doors, Russia was fit for and should become a WTO member. Opponents of the agreement point out that this announcement is opportunistic in view of the world crisis and the global demand for Russia’s natural resources: much pressure comes from neo-liberal politicians for the Russian Parliament and the President to ratify and sign the WTO accession documents by 3 July 2012 at the latest.

In February 2012, Russia’s Economy Ministry published some of the country’s pending WTO commitments. It is important to note, however, that to date there is no official translation into Russian of the 23,150 commitments and conditions of the entire protocol of about 2,000 pages. The sheer volume of material, should it be fully translated into Russian, would take an estimated two months for the members of Russia’s Duma merely to read through, let alone analyse; yet such review is essential in order for them to take responsibility for its adoption on behalf of the Russian people. Legal experts have already found grave mistakes and misleading passages in the informal abridged translation into Russian that appeared a short time ago.

It appears that neo-liberal dreams of enrichment abound, even at the expense of the Russian economy. Russia’s commitments would be extremely unfavourable to Russian agriculture and industry, and would rapidly and fatally damage the services sector, including the most vital public services. The General Agreement on Trade in Services (GATS), a treaty of the World Trade Organization, would bring about the wide-scale commercialization of public services. This would make most public services inaccessible to the Russian population, given the large proportion living at or below the poverty line. Furthermore, in the

present economic crisis, GATS would trigger the collapse of employment, social security, and the pensions system, and the final annihilation of the little that remains of the former social state.

It is expected that energy prices would rise to levels much higher than, say, in the European Union. The knock-on effects in all other sectors would render the Russian economy defenseless in the face of international trade competition.

WTO's "necessity test" in the Dispute Settlement Body of the WTO would grievously undermine democracy in Russia, as each regulation which currently sets a standard higher to that of the WTO would have to be "brought down" to the WTO-level. There has already been great pressure to weaken veterinary and food product standards in the long process of Russia's WTO accession negotiations. For example, a firm producing goods under unsanitary conditions will not be deprived of its license, and it is no longer obligatory to certify and mark goods containing genetically modified organisms (GMOs). The dumping of low-quality, dangerous products will destroy Russian agriculture. At the same time, lowering import tariffs will damage Russian industry: according to recent research, a minimum of 5 million jobs would be lost in the first instance followed by an estimated loss of up to 40 percent of all jobs. It is expected that the realization of the WTO agreement will lead to the transformation of currently active and densely populated regions into economically depressed zones of out-migration.

Social well-being faces sharp deterioration. Commercialization of public services will worsen services for large segments of the population such as single-parent families, women in low-paid jobs, young people, the unemployed and older persons. There are realistic fears that the country could no longer effectively fight wide-spread corruption. Furthermore, the WTO-GATS agreement would prevent the Russian State from defining social policies in the future without constraint by GATS. In fact, the agreement may make it impossible to put a social protection floor into place.

Democracy in Russia is being severely tested. The people and workers in Russia are acting on their rights to protest. On 4 April 2012, the "Stop WTO" movement, in which public sector unions are active, sought to initiate a referendum on WTO. Holding a referendum was declared unlawful by the National Elections Committee based on the argument that it was not within the competence of the people to decide on such matters of international law and that this should strictly be addressed by the legislature; further, that the people would not understand the substance of a poll, as the documents to be ratified by the Duma were signed by the Russian government in their English language version. These are vacuous arguments that flout democracy and deride the representatives of the people. An appeal to the Supreme Court is scheduled to be heard on 6 June.

However, on 1 June, parliamentary hearings on WTO accession will take place in the Russian Duma with big business and party leaders participating. The final decision on Russia's formal WTO membership may then be made at that point.

Anti-WTO protest actions are taking place and publications on the issue may be found in the media and on dedicated websites (www.stop-vto.ru and www.wto-inform.ru).

Video - <http://stop-vto.ru/2012/05/26/mezhdunarodnaya-konferentsiya-31-maya/>

Brochure in Russian - <http://stop-vto.ru/wp-content/uploads/docs/stop-vto.pdf>