GAIDAR INSTITUTE FOR ECONOMIC POLICY

RUSSIAN ECONOMY IN 2010
TRENDS AND OUTLOOKS
(ISSUE 32)

Gaidar Institute
Publishers
Moscow
2011

UDC 338.1(470+571)
BB 65.9(2Рос)-04
C

Agency CIP RSL

Russian Economy in 2010. Trends and Outlooks.
R95 **(Issue 32) –** M.: Gaidar Institute Publishers, 2011. 544 pp.

ISBN 978-5-93255-316-9

The review provides a detailed analysis of main trends in Russia's economy in 2010. The paper contains 6 big sections that highlight single aspects of Russia's economic development: the socio-political context; the monetary and credit spheres; financial sphere; the real sector; social sphere; institutional challenges. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts

This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the Gaidar Institute for Economic Policy and do not necessarily reflect the views of USAID or the United States Government.

UDC 338.1(470+571)
BBC 65.9(2Рос)-04

ISBN 978-5-93255-316-9

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Russia's Foreign Trade in 2010

State of the Global Economy

The year of 2010 saw the global economy continue to recover after the 2008-09 crisis. As many as 20 out of 23 nations that are leading importers of Russian goods posted growth in their GDPs vs. the same period of 2009, while in another three ones (Hungary, Spain and Lithuania) GDP continued to decline. Growth in GDP on a quarter-on quarter basis was constantly noted since Q3 2009 in such economies as the US, the Euro zone countries, Switzerland; since Q4 the same tendency was reported by the UK and Japan. In Q1 2010, the aggregate GDP growth rate of the group of Russia's leading trading partners was down, but, propelled by the acceleration of growth in GDP in the Euro zone, it bounced back substantially in the next quarter.

The National Bureau of Economic Research announced on 20 September 2010 that the longest economic slump in the post-WW II history of the US had come to an end in June 2009. Its length was 18 months (the past recessions of 1973-75 and 1981-82 lasted for 16 months each). The 18 month long recession cost the US 7.3 mln. jobs, the 4.1% fall in the industrial output and 21% of the nation's wealth[1].

A stage of the business cycle is defined on the basis of the dynamic of industrial output, employment, sales volume, and the population's real disposable incomes. In the period since the start of the recession the minimal value of industrial output was registered in June 2009, the one of employment - in December 2009, that of the population's real disposable incomes – in October 2009, and the nadir of volume of sales – in March 2009.

That June 2009 was picked as the end date of the recession can be explained by the fact that GDP had been climbing up in the prior months, while minimal employment often was a typical feature of the period right after the end of the US recession. NBER noted, though, that the end of the recession does not herald the arrival of favorable conditions of economic development and that business activity typically is below normal at early stages of economic recovery.

Since June 2009 the US reported a practically unstoppable (except for a short interegnum in February 2009) growth in industrial output. Meanwhile, the employment still was on a relatively low level. Jobs were on the upswing between February and May 2010, but tumbled again between June and August. The real disposable incomes were growing between February and June and plummeted in July 2010. The sales volumes were on the rise between April 2009 and April 2010, plunged between May and June and bounced upwards in July 2010.

The US's real GDP has been growing during four quarters in a row since Q3 2009. The growth rates hit their peak in Q4 2009 and crayfished over the next two quarters. Their drop in Q1 2010 was chiefly ascribed to the negative effect of net export driven by the slowdown in growth in exports and expansion of import of goods and services.

[1] http://www.nber.org/cycles/sept2010.html

According to the US DoC data, in Q4 2010 the nation's GDP posted a 3.2% growth in annual terms vs. the previous quarter. This is just the first GDP estimate out of three, and it might be substantially revised later on. In Q3, the US economy grew by 2.6%, and in Q2 - by 1.7%. So, the tendency of acceleration of the pace of economic growth after the recession is there.

The growth in the US's GDP in 2010 was fueled by more robust consumer spending, exports and the federal administration's mass spending. While imports contracted in the last quarter of the year, they ultimately grew over the year, nonetheless.

The World Bank estimates the 2010 global GDP growth rate at 3.9% and forecasts its slowdown to 3.3% in 2011 and some better performance (up to 3.6%) – in 2012. In its statement, the World Bank holds the global economy is in transition from the post-crisis recovery phase to the one of a slow but steady growth, which should last for next two years. The major feature of the future period should be a half of the global growth being propelled by emerging economies. It is envisaged that they combined should post a 7% growth rate in 2010, 6% - in 2011 and 6.1% - in 2012. Thus, in this respect they should outpace high-income nations with their projected growth rates being 2.8% in 2010, 2.4% - in 2011 and 2.7% - in 2012[1].

After a very painful downturn in 2009, the global trade expanded notably in 2010. The WTO experts believe that after verification of statistical data the last year's increase in global exports should be in the region of 13.5%. If so, it is going to be the all-time high rate ever registered since the beginning of running such statistics in the 1950s. The previous highest growth rate in global trade (12.2%) was registered in 1976. That said, in all fairness, this astounding accomplishment is noted against a very low benchmark.

It is envisaged that emerging economies should post export growth rates higher than developed nations (16.5% vs. 11.5%), with Asian tigers being particularly active (up by some 27%) vis-à-vis other country groupings in this regard.

Conditions of Russia's Foreign Trade: Situation with Prices for Major Russian Exports

The 2010 pricing environment for major Russian exports was favorable, with most commodity markets being all bulls.

The positive oil price dynamic in the global market in 2010 was stirred by the renewal of demand for oil which practically hit the 2007 level. Plus, China and other Asian economies were particularly thirsty for oil, forecasts of demand for oil for 2010-2011 were optimistic, and the leading global forex and security markets were in an optimistic mood.

In the first months of 2010, the world oil prices mostly were on the upswing, and on 3 May were at their 19-months highs (with Brent traded at USD 88.94/b). They subsequently dwindled to USD 74/b on fears triggered by the national debt crises in some EU countries and a slowdown of China's growth, uncertainties with the US economy's development, and because of a lax demand for energy resources in Europe.

In July 2010, oil prices picked their growth and on 23 December the official price of Brent stood at its 26-months high (since October 2008) – at USD 93.65/b.

The year of 2010 ultimately saw a 28.7% price rise for Brent on a year-on-year basis, but when compared with 2008, it slid by 18.4% (*Table 50*).

[1] http://go.worldbank.org/88GN6SUPU0

The price dynamic for oil products was basically following the oil prices. In 2010, the prices of oil products were on average up by 51% on a yearly basis, with gasoline prices adding 26.8%, but loosing 21.2% vs. the 2008 figures.

Table 50

Average Annual World Prices

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Oil **(Brent), USD/b.**	28.19	24.843	25.02	28.83	37.4	54.38	65.15	72.32	97.64	61.86	79.64
Natural gas/ European market газ, USD/1 mln. BTU	4.344	3.976	3.23	3.86	4.4	6.6	9.03	8.93	13.41	8.71	8.29
Gasoline USD/gallon	0.887	0.792	0.755	0.891	1.197	1.508	1.81	2.06	2.703	1.68	2.13
Copper, USD/ton	1864	1614	1593	1786	2808	3606	6851	7119	6970	5150	7537
Aluminum, USD/ton	1550	14457	1351	1425	1693	1871	2619	2639	2576	1665	21731
Nickel, USD/ton	8624	5966	6175	9581	13757	14692	22038	37230	21108	14655	21809

Source: calculated by data London Metal Exchange (London, UK), Intercontinental Oil Exchange (London, UK), International Monetary Fund (IMF).

European prices for natural gas picked their growth in August 2009 and have been soaring through Q1 2010. However, due to the seasonal contraction of demand, they slid slightly in Q2 and resumed their rise in the seconds half of the year, which ultimately resulted in their adding 2.7%. Meanwhile, they remained at 4.8% lower than in the previous year (while in 2009 they were down by 35% against the 2008 figures).

The markets for metals in 2010 found themselves seriously propelled by the general recovery of the global economy and industrial sector and by the situation in China as the hugest consumer of metals in particular. The boom in China's construction sector, launch of ambitious infrastructure projects in India and other emerging economies heralded a bright future for the steel market until 2013, even regardless of a possible slowdown of the global economic advancement rate.

After a drastic fall in aluminum production in 2009, the respective demand began to surge dramatically: after hitting the bottom in February 2009 (1,330 USD/ton) the prices had skyrocketed by more than 80% by the spring of 2010 and outshot the mark of 2,445 USD/ton.

The situation on the copper market in 2010 likewise remained favorable. Over the year, the inventories were shrinking and demand was on the upswing against the backdrop of increasingly optimistic forecasts for the global economy. After their fall in Q2 2010, copper prices picked growth in August and continued to surge through the end of the year. As a result, by December the average monthly price had hit USD 9,147.26/ton against 7,386.25 /ton in January 2010 (3,453.2 USD/ton in Q1 2009). The average 2010 price of copper thus made up 7,535 USD/ton.

The 2010 nickel prices mirrored the most intense recovery dynamic. Plus, there has been no increase in offers on the market. As a result, the average 2010 price of nickel was up by 64.5% more vs. the 2009 figures and accounted 21,809 USD/ton

The price dynamics of food staffs and agricultural raw materials on the global markets were multidirectional: in early 2010, prices for grain crops, vegetable oil and sugar were chiefly on decline, while meat prices were soaring. That said, the world price level for the foods stuffs and agricultural raw materials was on average higher than in 2009

Prices for grain crops (except for barley) were down because of earlier accumulated considerable global reserves and an increase of estimates of carry-over stocks of grain, and growing export supplies from Russia, Ukraine, Kazakhstan, Turkey and other regions of the world. In the first half 2010, prices for the US wheat and corn sank by 23 and 6.5%, respectively, Canadian wheat was down by 17%, barley was traded at 18% higher than in the first half of the prior year (in 2009, the prices of the said grain crops were down by 36, 28, 41 и 46% respectively).

After hitting their peak in January 2010, sugar prices have been dipping drastically until June. As a result, in just five months after hitting their all-time highs, the prices for raw sugar were down 1.9 times and the ones for refined sugar – 1.6 times. Behind such a dramatic downfall were more optimistic forecasts of harvest and the anticipation of greater sugar supplies from Brazil and India in the 2010-11 agricultural year. As well, the appreciation of the USD also sent the prices nosedive. Despite the downfall, the price level of sugar on the world market remained high. In the first half 2010, sugar was traded 1.5 time higher than in the same period of 2009 (in the first half 2009, it was nearly 1.2 times costlier than the year before).

The price dynamics on global markets for food stuffs and agricultural raw materials changed in mid-2010: the month of June saw prices of sugar, Canadian wheat and barley picking growth; in July, they were followed by the US wheat, corn, rice and vegetable oils. By the end of the year prices for soya beans and products of their processing, wheat and corn hit their 2.5 year highs.

Expectations of a considerable fall in the harvest of grain crops because of extremely unfavorable weather conditions (draught in Russia, Kazakhstan, Ukraine; torrential rains in Canada, a number of Asian countries and some European ones; unheard-of chills in some Latin American countries) drove grain prices up drastically. Russia's ban and Ukraine's restrictions on grain exports boosted the trend. As a result, in 2010 the price rise for the US SRW accounted for 23.5%, corn – 12.3%, Canadian wheat –3.9%, barley –23.0% (*Table 51*).

Table 51

Dynamics of Average World Prices on Some Agricultural

	2006	2007	2008	2009	2010
Wheat, USD/ton					
Canadian, CWRS	216.8	300.4	454.6	300.5	312.4
US, HRW	192.0	255.2	326.0	224.1	223.6
US, SRW	159.0	238.6	271.5	186.0	229.7
US corn, USD/ton	122.9	163.0	223.1	165.5	185.9
Barley, USD/ton	117.0	172.0	200.5	128.3	158.4
Soya beans, USD/ton	268.4	384.0	523.0	437.0	450.0
Soya bean oil, USD/ton	598.6	881.0	1258	849.0	1005.0
Thai rice, USD/ton	304.9	326.4	650.1	555.0	488.9
Raw sugar in US, import price, CIF New York, US cents/kg	48.76	45.77	46.86	54.88	79.25

Source: World Bank.

While the biggest meat importing nations found themselves better off and on the road to recovery, consumption of beef was up worldwide and in the Asian countries in particular. The Republic of Korea, Hong Kong, Japan and Malaysia became forerunners in this regard, and the 2010 beef prices posted a 27.12% growth vis-à-vis the prior year.

Prices for veal were also up; however, the price rise so far has been more moderate and accounted for 16.8%. Meanwhile poultry prices have not changed since 2009.

Contraction in the harvest of oil-plants due to unfavorable weather conditions drove prices of vegetable oils on the global markets upwards. Meanwhile, the anticipation of high yields of soya beans in a number of regions had a constraining impact on the prices. As a result, the average 2010 prices for palm oil were at 27.4% higher than in the same period of the prior year.

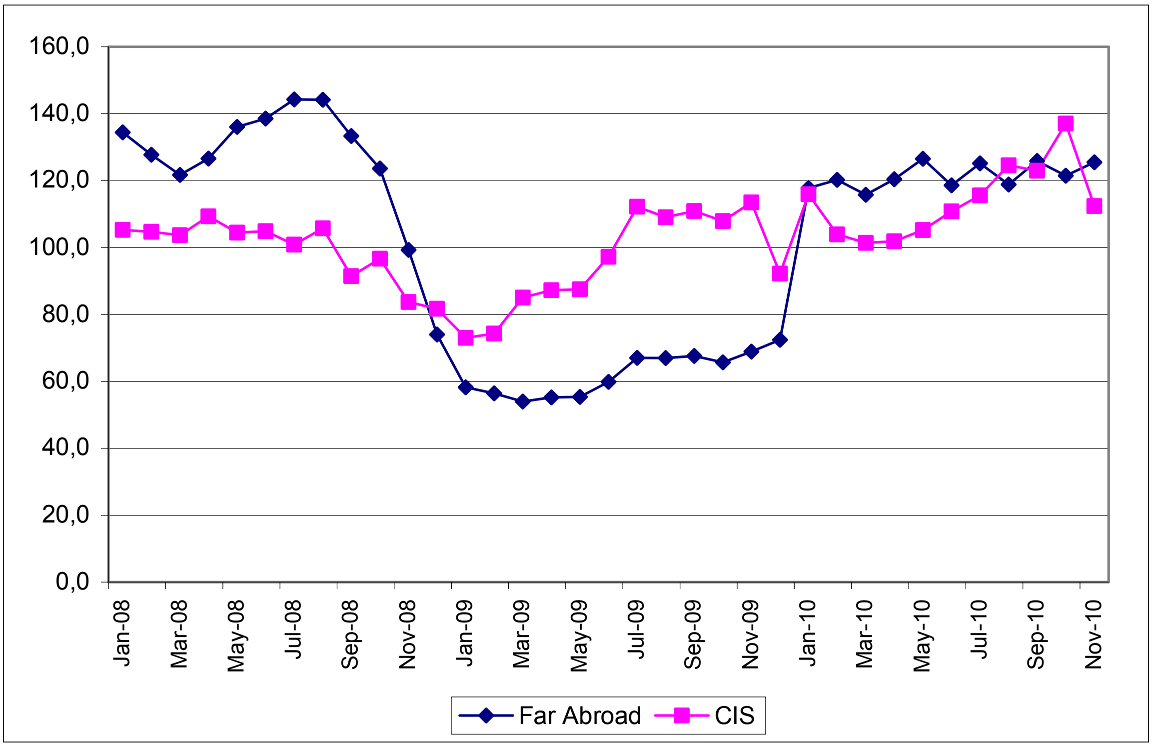


Fig. 46. Index of Foreign Trade Conditions

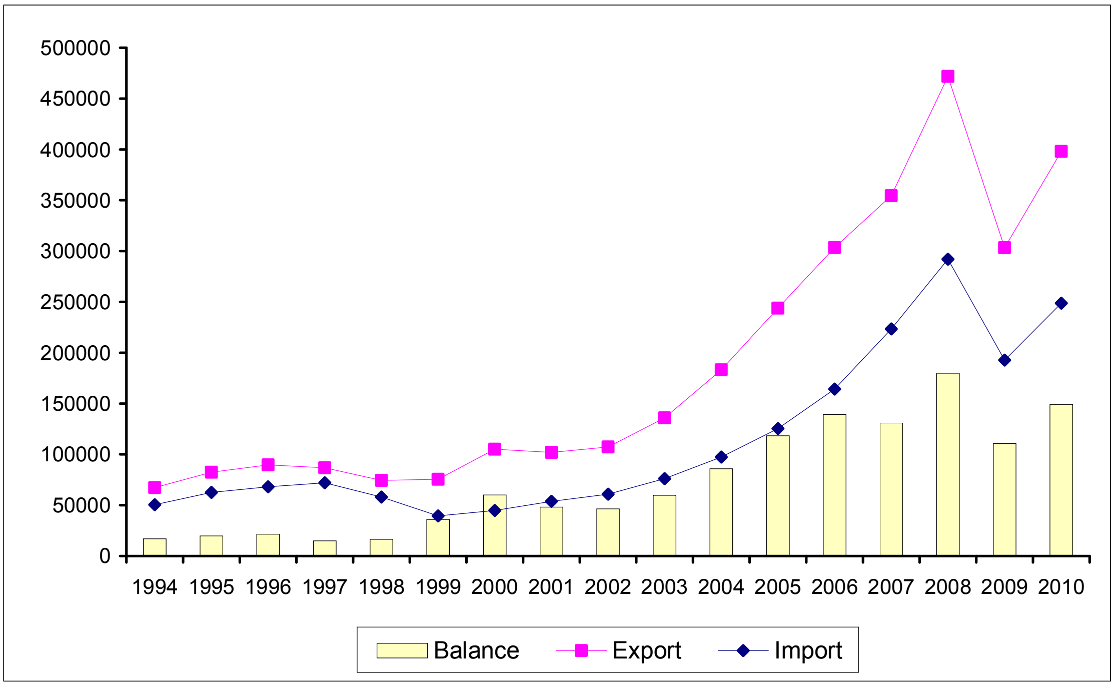
In 2010, it was raw sugar that posted the greatest price rise rate of 44.4% (because of a rapid price rise in the second half of the year), thanks to which the sugar prices hit their 30-year highs.

Because of the advanced growth rates of export prices vis-à-vis import ones, Russia's foreign trade conditions were favorable in 2010. The trade condition index accounted for 117.9 points (in 2009 – 116.0). After a significant deterioration of foreign trade conditions between late-2008 and early 2009, the export-to-import price ratio began improving since the first months of 2010. That said, it was foreign trade conditions with Far-Abroad countries that posted a faster growth rate (*Fig. 46*).

Main Indicators of Russia's Foreign Trade

In 2010, Russia's foreign trade turnover calculated by the balance-of-payments methodology hit USD 648.4 bn vs. 495.2 bn reported in 2009, ie was up by 30.9%. The growth in trade was fueled primarily by improving conditions of foreign trade. Specifically, Russian exports were propelled by the renewed demand for them and a better pricing environment for Russian exporters on world markets. The restoration of the value volumes of import should be ascribed to the growth of Russia's economy, rising real disposable incomes, and a real appreciation of the national currency.

With all these factors in place, Russia failed to catch up with the pre-crisis level, nonetheless: when compared with 2008, the nation's foreign trade turnover contracted 15.1%. So, the 2008 figures stand unbeatable over the whole period of observations. (*Fig. 47*).



Source: CBR.

Fig. 47. Main Indicators of Russia's Foreign Trade (as USD mln.)

The growth in the volume value of export was fueled mostly by the better pricing environment for Russian exporters, while the main factor behind the increase in the value volume of import was its growing physical volumes. (*Table 52*).

Table 52

Indexes of Russia's Foreign Trade (as % to the Respective Period of 2009)

	Q1 2010		1st half-year 2010		January-September 2010		2010	
	Physical volume	Average prices	Physical volume	Average prices	Physical volume	Average prices	Physical volume	Average prices
Export	120,4	119,5	109,6	119,4	110,2	116,9	110,0	119,8
Import	112,9	103,1	122,6	101,8	130,8	101,2	135,4	101,6

Source: the RF Ministry of Economic Development

The foreign trade data over the recent months show the continuation of the trend to a fast growth in import vs. the subsiding dynamic of export. As a result, the year of 2010 saw a month-to-month contraction in the balance of trade. In August, it was USD 8.3 bn, i.e. the 16-month low.

In all, Russia's 2010 balance of foreign trade was positive and accounted for USD 151.6 bn, or up by 35.9% vs. the 2009 figure (USD 111.6 bn.), but 15.6% less than the 2008 one (USD 179.7 bn).

The 2010 disequilibrium in trade ratio (balance to trade turnover) was 0.234 vs. 0.225 reported in the prior year.

Structure and dynamic of export

In 2010, Russian exports increased up to USD 400.0 bn., or by 31.9% against the prior year (*Table 53*). The increase was fueled largely by rising contractual prices. The dynamic of exported goods over 2010 evidenced decelerating growth rates vis-à-vis the respective periods of 2009.

The volume of export in Q4 2010 was a maximum one over the year and accounted for USD 112.7 bn vs. 92.2 bn in Q1, 97.4 bn in Q2, and 97.7 bn in Q3. That said, export growth rates were falling gradually vs. the respective periods of 2009: while in Q1 2010 the value volume of export was up by 61.1% vs. Q1 2009, the Q2 figure was 43.0%, Q3 – a meager 18.5%, and in Q4 – just 17.9%. This is ascribed largely to the fading low-base effect of the prior year.

Table 53

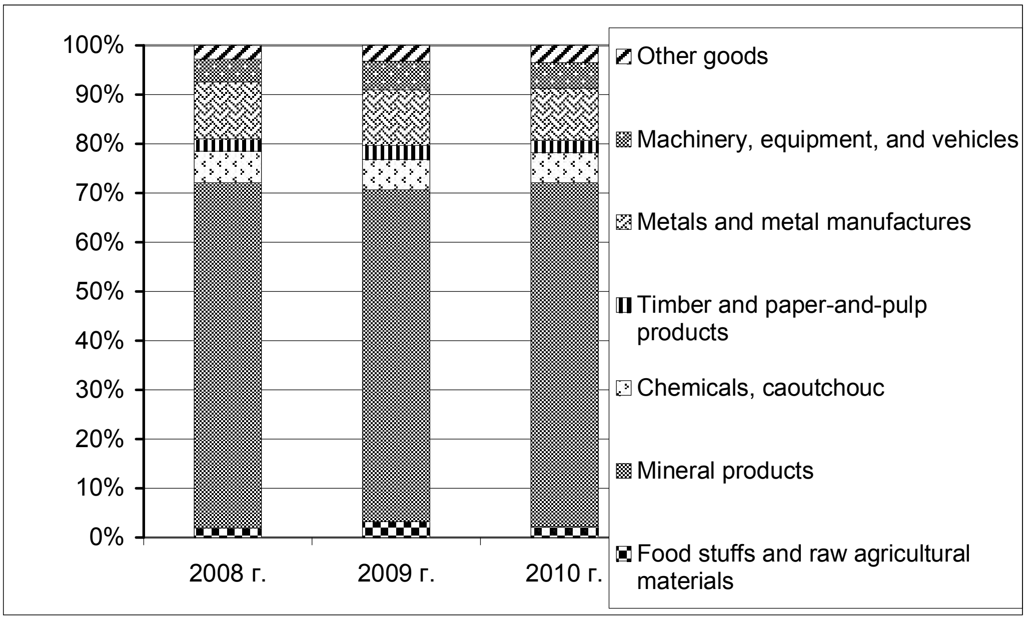
Dynamic of Russian Export

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Export, USD bn	75.6	105.0	101.9	107.2	135.4	183.2	245.3	303.9	355.2	471.6	303.4	400.0
Including:												
Far Abroad	63.6	90.8	86.6	91.0	113.9	152.9	211.6	260.6	301.5	400.5	255.3	337.7
Growth rates, as % to the prior year												
Physical volume index	109.4	110.2	104.2	115.0	109.5	110.7	104.7	105.8	105.0	96.8	97.0	110.0
Price index	92.1	128.2	93.8	86.0	113.4	122.7	126.9	119.7	110.9	137.4	76.4	119.8

Source: CBR, the RF Ministry of Economic Development.

Export supplies of the most significant group of goods – that is, fuel and energy commodities - accounted for USD 257.4 bn Against the background of fairly low value volumes of 2009, the 2010 export of crude and oil products posted an intense growth (1.4 and 1.5 times, respectively). The growth was fueled solely by the global price environment. The physical volume of exported crude rose just by 3.6%, oil products – by 8.9%, while contractual prices for these commodities rose by 33.3% and 36.2%, respectively. With contractual prices for natural gas adding 9.1% and the physical volume of its exportation increasing by 1.3%, its export value was over USD 43.5 bn, or by 10.5% up vs. the 2009 figure. The aggregate export of the three fuel and energy staples – namely, crude, oil products and natural gas, rose in 2010 by 34.7%, while their proportion in the structure of export soared from 59.6% in 2009 to 64.9% (*Fig. 48*).

Metallurgical exports rose by 22.8%, up to USD 39.5 bn According to FCS, physical volumes of raw aluminum plunged by 7.8%, nickel – by 1.8%, copper – by 10.3%. Despite the fall in the physical volumes, the value of export supplies of non-ferrous metals was on the rise, thanks to the price rise for them on the global market. Driven by a simultaneous increase in export prices and supplies in quantitative equivalent, the value volume of ferrous metals surged by 28.4%. When compared with 2009, the 2010 aggregate specific weight of metals, including metal manufactures, in the overall volume of export supplies was down by 0.7 p.p. – to 10.6%.



Source: FCS.

Fig. 48. Commodity Structure of Russian Export (%)

The chemical industry and its supplier/consumer industries increased its supplies by 30.3%, up to USD 22.8 bn, while the specific weight of goods of this group tumbled from 6.2% to 6.1% nonetheless.

Export of timber and paper and pulp products soared by 13%, up to USD 9.2 bn, with export of processed timber products adding 16% - up to USD 3.0 bn, which in physical terms was equivalent of 9.9 mln. ton, or by 9.4% up vs. the respective index of 2009. The volume of export of unprocessed timber surged by 0.9% - up to USD 1.8 bn. The 2010 export of unprocessed timber in natural equivalent slid to 21.2 mln. m^3, or by 1.9% against the 2009 figure.

By contrast to the 2009 trend of a substantial rise in export supplies of food stuffs, in 2010, export of food stuffs and agricultural raw materials slid by 2.9%. Supplies of goods of this particular group are estimated at the level of USD 8.1 bn, while their proportion in the aggregate export plummeted from 3.3% to 2.2%. The 2010 physical volume of export of wheat and meslin plunged by 29.4% on a year-on-year basis and accounted 11.8 mln. ton. As a reminder, in the summer of 2010, in anticipation of a poor harvest the RF Government imposed a temporary ban on export of wheat, barley, rye, corn and flour (effective between 15 August and 31 December 2010). The reason behind the move was an unheard-of drought and wildfires that seriously affected the volume of the harvest.

After its substantial contraction in 2009, the value volume of export of machinery and equipment rose by 1.7% in 2010 and accounted for USD 19.6bn. The increase was fueled chiefly by a 21.3% growth in supplies to Far-Abroad countries; however, because of an advanced growth in value volumes of export supplies of raw materials, the proportion of machine-engineering products in export slid from 5.8% to 5.2%.

Nearly a half of export of goods of this group fell on weaponry. According to estimates made by the Federal Service for Military-Technical Cooperation (FSMTC), in 2010, Russia cashed in as much as USD 10 bn-plus from sales of arms and military hardware and now breathes the US's neck in this respect. However, one should not anticipate a further increase in arms sales, as, first, the global market for arms is expected to shrink in the years to come and, second, the Russian MIC corporations seem to increasingly fall behind their competitors overseas, which gradually lowers competitiveness of its manufactures.

So, Russian export showed no signs of change in its goods structure. The improvement of its qualitative indicators rests mostly upon the growing demand and rising prices of hydrocarbons and crude, i.e. the economy remains dependent on the state of affairs on the world market for minerals.

Structure and Dynamic of Import

Against the background of the stalled growth in physical volumes of export (practically across all the key goods) imports were increasing substantially. In 2010, import supplies into the territory of Russian Federation were worth a total of USD 248.8 bn, or up by 29.7% on a year-on-year basis (*Table 54*). It should be noted that import increase rates in individual months of the summer of 2010 were over 30% vs. the 2009 figures, while in August the respective rate accounted for 53.2%. As a result, it took the share of import in the domestic consumption just several months to bounce back to its pre-crisis level.

In the conditions of a moderate price rise in import prices the increase was secured chiefly by growth in physical volumes of import supplies.

Table 54

Russia's Import (USD bn)

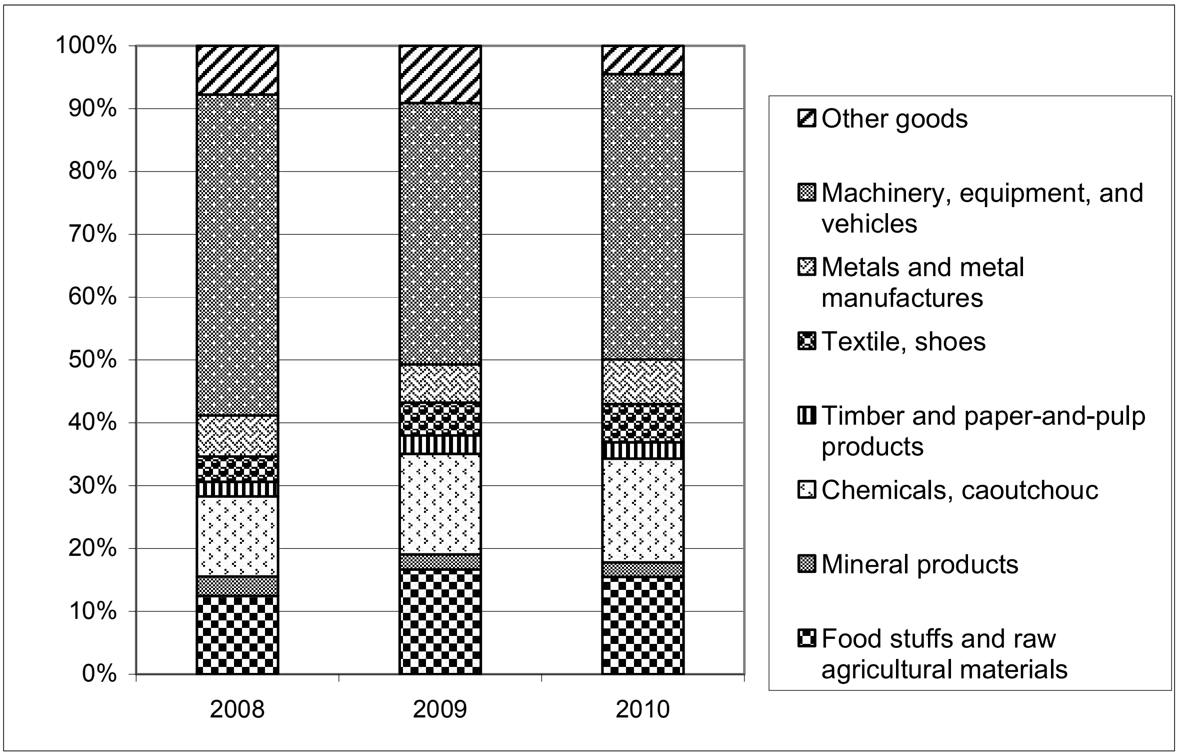
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Import, USD bn	39.5	44.9	53.8	60.5	76.1	97.4	125.3	163.9	223.1	291.97	191.8	248.4
Including:												
Fra-Abroad countries	29.2	31.4	40.3	48.2	60.1	76.4	103.5	138.6	191.2	253.1	167.7	213.3
Increase rate, % on a year-on-year basis												
Physical volume index	84.4	129.2	129.1	117.6	119.2	124.2	122.4	130.1	127.1	113.5	63.3	135.4
Price index	82.1	86.7	94.3	93.4	98.7	106.1	106.5	105.5	107.6	117.8	99.1	101.6

Source: CBR, the RF Ministry of Economic Development.

Since early 2010 import of goods has been consistently on the rise: in Q1 2010 vs. Q1 2009- by 18.8%, in Q2 vs. Q2 2009– by 32.5%, Q3 – 39.8%, while in Q4 the increase rate was down to 25.8%. That said, it was Q4 when the value volume of import was the biggest one in 2010 and accounted for USD 75.9 bn (68.6 – in Q3, 58.2 bn – in Q2, 45.7 bn – in Q1). Such a notable increase in import supplies became possible thanks to the Rb. appreciation.

In contrast to the negative dynamic of import supplies in 2009, the year of 2010 saw the value volume across all the enlarged items of the trade classification surge.

Import of machinery, equipment and vehicles increased considerably – by 39.7%, up to USD 98.6 bn The specific weight of machine-building products in the structure of import rose from 43.9% up to 45.4% (*Fig. 49*). Within this particular group, increase was noted across most of items: the import value of passenger cars was up by 33.8%, while the one of trucks -- 2.3 times. The physical volume of importation of passenger cards increased by 33.8% on a year-on-year basis, while that of trucks – 2.2 times.



Source: the RF Ministry of Economic Development

Fig. 49. Goods Structure of Russian Import (%)

In 2010, the nation purchased food stuffs and agricultural raw materials from overseas in volumes at 19.1% greater than in 2009. That said, import of food stuffs from the CIS countries soared by 22.5%, while the one from Far-Abroad countries – by 18.7%.

Physical volumes of import supplies of condensed milk and cream surged nearly 6-fold, barley – 3.4 times, sunflower seed oil – 2/6 times, raw sugar – 1.7 times.

Meat imports were down by 15.7%, or by 345,000 tons. In 2009 the country imported 2.2 mln. ton of meat. It was poultry supplies that suffered a serious blow due to the ban on importation of poultry processed with the use of chlorine-containing preparations, which suspended for long supplies of chicken legs from the US. The ban was lifted only in mid-August after the US producers complied with Russian requirements, but import supplies failed to fully recover and their volumes ultimately dropped by 36.5% (by 340,000 tons). In 2009, import supplies accounted for 942,000 tons.

The beef import was down by 2.5% (16,000 tons) vs. the 2009 figure of 636,000 tons. Meanwhile, pork supplies remained practically unchanged when compared with the 2009 figure of 633,000 tons. As a result, the proportion of imported meat on Russia's domestic market accounted for 20.6% in 2010. It is beef which remains the meat product Russia still most strongly depends on: the specific weight of import supplies of beef in 2010 matched the prior year's level (26.7%). Imported pork held 20% of the market in 2010 vs. 23% reported in 2009, while chicken broiler -17% vs. 27%.

Import of chemicals and products of related industries increased by more than one-third – up to USD 35.9 bn Import supplies of medicines were up by 30.9%. While the chemical sector is considered a leader of the renewed growth, the dynamic of import evidences no import substitution processes in the sector. Back in 2008, the proportion of imported chemical products on the domestic market was 13.3%, while in 2010 – already 16.5%; so, domestic producers lost a fraction of the national market to their Western rivals.

A similar situation is noted with regard to textile, textile garments, and footwear: the share of import of these items rose from 4.2% in 2008 up to 6.7% in 2010, while the 2010 value volume of the respective import supplies was up by 49.5% on a year-on-year basis. That can be ascribed to increase in the physical volume of import of clothing, cotton fabric and leather footwear, as well as the price rise for cotton hair and leather footwear.

In the 1st half 2010 CBR estimated the proportion of import goods in the retail sector's inventories to soar by 0.5 p.p. and stand at 43%. The increase rate in imported food stuffs was 1 p.p. and accounted for 35%.

Today, Russian producers of investment and consumer goods have no capacity to substantially boost the output of competitive products. Hence, there is no possibility to meet the growing investment and consumer demand without attracting sizeable volumes of imports. A further appreciation of the national currency and the overall rise of economic activity in the country should propel a further expansion of imports.

Regulation of Russia's Foreign Trade

The rise of the Customs Union formed by Russia, Belarus and Kazakhstan made the headlines in 2010. The Union now embraces over 60% of the populace of the whole post-Soviet zone and produces over 85% of its GDP, while the volume of GDP of the three nations combined is over USD 2 trillion.

The year of 2010 saw the work on development of the Union's customs law, including the Customs Code, international treaties and decisions made by the Commission of the Customs Union, to be in progress.

The forging of a new normative and legal base of regulation of the foreign trade sphere is carried out in compliance with the strategic document of the member states of the Union "Stages and timelines of formation of the single customs territory of the Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation".

The main stages of formation of the single customs territory of the Customs Union and the respective timelines are as follows:

1. The preliminary stage (until 1 January 2010).

During that stage, the work was in progress on designing a normative and legal base and organizing a stage-by-stage transfer of the agreed upon types of government control, except for the border one, onto the external contour of the single customs territory.

The draft Customs Code of the Customs Union had been developed by 1 October 2009. By that time, there three nations had also crafted proposals on amending the normative and legal base with regard to developing provisions of the Customs Code relating to a uniform employment of forms and methods of customs control and customs clearance procedures.

As well, the parties developed and prepared for adoption international treaties on collection of VAT and excise taxes in the territory of the Customs Union in the absence of customs clearance and customs control procedures.

The parties have been coining the Uniform Customs Tariff and a uniform system of non-tariff regulation measures in the frame of the Union; they were devising a mechanism of accrual and allocation of future customs duties and a uniform methodology of running the foreign trade statistics and the one of mutual trade between the Union member states.

On the basis of an analysis of the effective trade regimes of the three member states with regard to third nations the parties identified existing discrepancies and came to an accommodation of their unification. They also evaluated the effective constraining measures of economic nature in mutual trade and reached an agreement on conditions of their cancellation and replacement with uniform rules of competition, subsidizing and other forms provision of state support.

The parties developed measures that should secure a sustainable functioning of the single customs territory after the transfer of the agreed upon types of the state control onto the external borders.

2. The first stage (1 January – I July 2010)

Since 1 January 2010 the uniform customs and tariff (including tariff benefits and preferences) regulation and the non-tariff one came into effect, including:

- The uniform customs tariff and the system of non-tariff regulation measures;
- Abrogation of the existing constraining measures of tariff and non-tariff nature in the mutual trade between the three nations;
- Launch of exercise of the joint control at the Russian-Kazakh border.

Functions in the sphere of customs-tariff and non-tariff regulation were mandated to the Commission of the Customs Union as a single regulatory body.

While shaping the Customs Union, a major challenge was agreeing upon the Uniform Customs Tariff (UCT) rates, for originally the three countries found only 40% of their rates matching each other. So, they were compelled to launch a long process of unification of rates on nearly 11,000 commodity headings.

However, the parties failed to ensure a 100% consensus across all the tariff rates, primarily because Kazakhstan was not ready to change (increase, actually), nearly 55% of its national customs tariffs. That is why Kazakhstan reserved a list of 400 commodity headings, the customs levies on which should remain on a lower (or zero) level through 2014, including medicines, plastic, cardboard and paper, aluminum manufactures, among others.

Russia, too, substantially modified (mostly lowered) its customs duty rates since 1 January 2010. Specifically, the rates were zeroed on 300 more headings of technological equipment, devices and mechanisms. The rates on meat and dairy products, and ferrous metals were raised insignificantly.

It is worthwhile noting that the UCT rates are subject to revision. Specifically, duty rates on some commodity headings the Custom Union member states attribute to the group of 'sensitive' ones may become subject to modification, provided the three nations have mobilized consensus in this respect. This mostly concerns food stuffs, clothing, wooden manufactures, fabrics, etc.

The pilot project on operating and fine-tuning the information exchange between the three national customs agencies for the sake of controlling of moving of goods and vehicles across the single customs territory (the domestic and international transit control) and running the statistics of mutual trade kicked off on 1 April 2010.

3. The second stage - since 1 July 2010

- the Customs Code of the Customs Union implemented and a uniform methodological base developed in its furtherance;

- the exercise of customs clearance of goods and vehicles began with the use of uniform forms of documents by the customs agency of the Union member state whose resident is a participant in foreign economic activity;
- the conduct of statistics of foreign trade and statistics of mutual trade was ensured;
- international treaties relating to indirect taxes and mechanism of information exchange between tax agencies came into effect.

With regard to administering export:

- the Union member states retain the possibility to independently determine export customs duty rates;
- respective amounts of export customs duties are collected to the budget of the Union member state wherefrom the goods originate;
- the Union member states retain the possibility to independently determine and apply non-tariff regulation measures in respect to individual kinds of goods (military and dual-purpose manufactures, natural commodities);
- the possibility to pursue an independent policy in the noted areas of export regulation is secured by execution of mutual obligations in the frame of the international treaty framework of the Customs Union.

The bill "On customs regulation in Russian Federation", which was supposed, once passed, to substitute for the Customs Code of RF, was envisaged to be implemented since 1 July 2010. Its passage was delayed, though: the first draft was developed by FCS under the name "On customs regulation" and the RF Government declined the bill in May, as it seemed to increase the administrative pressure on business. The RF Ministry of Economic Development prepared its own version, but much time was wasted on obtaining other government agencies' approval. Plus, the bill suffered fairly numerous controversies and comprised some 300 reference provisions which would require creating a plethora of various by-laws. As a result, the law has been under development until November 2010.

4. Third stage (since July 2011) envisages:

- transfer of the agreed upon kinds of state control from the Russian-Kazakh border to external borders of the Republic of Kazakhstan and the Russian Federation. At this point, a transitional period was provided for, during which at customs clearance locations in the territory of the Republic of Kazakhstan where monitoring of the exercise of customs clearance procedures will be carried out, along with a temporary retention of individual forms of customs control along the Russian-Kazakh border;
- completion of negotiations with third countries on unification of trade regimes on the basis of earlier reached agreements.

It is envisaged that since 1 July 2011 customs clearance procedures will be abrogated with regard to goods originating from third countries and released for a free circulation in the territory of the Republic of Belarus, Republic of Kazakhstan and the Russian Federation and goods transited within customs territories of the Republic of Belarus, Republic of Kazakhstan and the Russian Federation.

This is the final element of the formation of a single customs territory that secures, within its borders, a free moving of goods originating from therein, as well as goods originating from third countries.

So, the customs regulation of the Customs Union rests upon six blocks of documents that match respective decision making levels:

1) The Customs Code of the Customs Union;
2) International treaties adopted on the basis of CC of CU;
3) Decisions of the Commission of the Customs Union;
4) Customs legislation of the Customs Union member states;
5) Decisions made by national governments of the said states; and
6) Normative and legal acts by their competent government agencies.

The Customs Code of the Customs Union appears substantially different from the RF one. More specifically, the conceptual framework underwent certain modification:

– The term of 'customs broker' was replaced by 'customs representative';
– The term of 'customs regime' was changed for ' customs procedure';
– A new term, 'express cargo', was introduced;
– Such terms as 'free circulation', 'status of goods and vehicles for customs purposes', 'customs clearance' were excised.

The Customs Code of the Customs Union provided for new forms of customs control:

– Account of goods under customs control;
– Examination of the goods accounting and reporting system;
– Customs audit (conducted both in-office and on-site one) instead of customs examination.

The Customs Code of the Customs Union now comprises a chapter that regulates procedures of seizure of goods and respective papers in the course of the exercise of customs control.

Declaring goods at the customs should be made solely in writing and in the electronic form with the use of the customs declaration. The oral and tacit forms of declaring goods are not permitted.

For the sake of encouragement of export of hi-tech goods, the Code provides for a reduced and closed list of documents to be submitted along with the declaration on such goods to make them eligible for the customs export procedure.

The Customs Code also provides for a possibility to identify supranational areas of risks which may prove sensitive to all the Union member states. Such areas will be identified by the Commission of the Customs Union.

When compared with the Tax Code of RF, timelines of customs authorities' various operations underwent modification. For instance, they were reduced with regard to the following operations:

– Release of goods – from 3 days to 2 days, while as to goods exported from the Customs Union's territory and exempt from export customs duties, the timeline now is 4 hours;
– Registration by the customs agency of the transit declaration – from 2 hours to 1 hour;
– The maximum term of extension of release of goods was reduced to 10 days from the date following the date of registration of the customs declaration; the document also unequivocally set conditions of such an extension - namely, the need to exercise or complete a form of customs control.
– The following timelines were extended:
– Submission of goods to the customs office under the procedure of their declaring in advance – from 15 to 30 days;
– Processing of goods in the customs territory – from 2 to 3 years;

- The term allowing to place under the customs procedure of re-export the goods earlier placed under the customs procedure of release for the domestic consumption – from 6 months to 1 year.

The document also set timelines with regard to processes for which timelines had not earlier existed:

- The timeline of organization of customs escort by the customs office (within 24 hours from the moment the decision was made);
- The timeline of registration or refusal of registration of the customs declaration (no more than 2 hours from the moment it was submitted; in Russia's Customs Code, the respective timeline was the day of receipt of the customs declaration by the customs agency);
- The timeline of completion by the parties concerned of operations relating to placement of goods under temporary storage or their declaring at the customs (3 hours from the moment of presentation of goods).

As well, changes affected matters associated with the enforcement of customs procedures. For instance, the procedure of the internal customs transit was excised, and the goods transited across the customs territory, including those shipped from one domestic customs authority to another one, will be placed under the customs transit regime (procedure). Presently the shipment of goods starts right at the Customs Union's external border and extends through its recipient's location, regardless of his state of residence. Meanwhile, transport operators, including customs ones, enjoy the right to move across the whole territory of the Customs Union without being subject to the intra-state control in the territory of each of the Customs Union member states. At the same time, the railroad operator in the peremptory order is exempt from depositing a shipment guarantee.

Yet another peculiarity of the Customs Code of the Customs Union lies in the possibility for a concurrent placement of goods under two customs procedures– that is, customs transit and re-export (provided the obligatoriness of exportation of the goods in question) or customs transit and re-export (in the cases set forth by the CC of CU).

Substantial changes occurred with regard to activities relating to running registers. The customs authorities of each Union member state maintain registers of entities that carry out operations in the customs business area. The Commission of the Customs Union forms common registers of such entities at the supranational level. That said, the customs authorities were not tasked to conduct registers of banks, credit organizations and insurance companies.

The conditions of inclusion of entities in the registries were modified too. For instance, there appeared requirements on the absence, as of the date of addressing the customs agency, of unredeemed arrears with regard to customs payments and fines, and facts of imposition of administrative sanctions for abuses in the customs business area within 1 year from the date of the previous addressing the customs agency. Meanwhile, the insurance contract against torts liability risks was crossed out from the list of conditions under which entities can be included in the register of customs transport operators.

Another novelty became a possibility for establishment by the national law of instances and procedures of suspension and renewal of legal entities' operations in the capacity of customs representatives, owners of a temporary storage warehouse (TSW), customs warehouse and duty-free stores, and authorized economic operators.

The Customs Union law introduces a new model – namely, the Institution of the authorized economic operator (AEO), which is supposed to simplify relationships between *bona fide* participants in foreign trade and customs authorities. Specifically, a procedure of release of goods prior to submission of the customs declaration and temporary storage of goods in-door, out-door and in other AEO's territories without including the AEO in the register of owners of TSWs is provided for AEOs. The Institution of AEO rests upon principles stipulated in the 1973 International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention), and it has already been long practiced in the EU countries.

The applicant for the AEO status should meet certain criteria and comply with strictly set rules. Specifically, to become an AEO, a firm should: pledge a Euro 1 mln.- orth collateral with regard to payment of customs duties and taxes (for production companies and (or) exporters whose products are exempt from export customs duties, the respective amount is Euro 150,000); have at least 1-year long record of operations in the foreign trade area; have no outstanding liability on customs payments, tax arrears or facts of being brought to responsibility for abusing customs rules (eg. unveracious declaring) for 1 year.

Not only did changes affect the conduct of the register of customs business operators, but the one of intellectual property objects. In addition to national registers, the Union member states provided for conduct of a single customs register of intellectual property objects (in addition to national ones).

The adoption of the new, common, customs law does not mean liquidation of the national ones. Thus, on 29 December 2010, the Act 'On customs regulation in Russian Federation' came into force. The Act became a part of the Customs Union law and comprises provisions and requirements of the Union's Customs Code.

The Act 'On customs regulation in Russian Federation' was designed with account of modern trends of development of customs operations, in particular those associated with simplification of export of hi-tech goods and optimization of customs operations. Behind the adoption of the Act lies the fact that the Customs Code of the Customs Union and the Union member states' international agreements comprise over 200 references to the three states' national law, while the Act includes a maximal number of provisions of direct force, while reference provisions are used mostly with regard to technological matters associated with completion of customs operations.

The Act fixes fundamentals of organization of customs agencies' operations, their functions and responsibilities, locations, operating hours, and responsibilities. The document also fixes main principles of moving of goods in the course of their importation in RF and exportation out of the country, transit across RF under customs control, rules of identification of their country of origin, the procedure of application of customs procedures in the conditions of the Customs Union. The Act also establishes requirements to customs transport operators, representatives, TSW owners, duty-free stores, and other organizations. The Act also provides for a centralized procedure of payment of customs duties and taxes. To this end, the payer should enter in the respective agreement with Russia's FCS. In this case, the amount of customs duties and taxes payable over the year should account for between Rb. 50 and 100 bn

The Act also introduces measures aimed at implementation of key tasks on modernization of Russia's economy and support of hi-tech and innovational production. To this effect, it is proposed to simplify procedures under export of hi-tech equipment and import of assembly parts used for its manufacturing. The Act also determines a simplified procedure of international exchange with research and commercial samples, importation of spare parts for maintenance and repair of foreign vehicles.

A major aspect of a specific concern of businesses is minimization of time costs associated with completion of customs operations under the temporary storage of goods, their declaring at the customs, and release of goods. Under customs regulation this can be ensured by means of simplification (reduction in the number of reference provisions) of legal provisions that contain requirements to entities that move goods. In other words, this can be done by regulating critical for business problems right at the level of a federal Act and developing straight and understandable normative dictates. So, the Customs Union should provide for establishment of such a customs control system, which should be efficient for the state and to a minimal extent burdensome for businesses.

Statistics evidence that Russian customs authorities demand far greater a number of documents from participants in foreign economic activities than their peers in the Union member states. For instance, import operations require filling out 22 clearance documents, while export ones – up to 30 documents (according to the RF ministry of Economic Development). By contrast, Kazakh and Belarus customs authorities in such cases request between 4 and 8 documents. The Russian customs strives to reduce the volume of the documents to 14 ones, but it will still be too much a hurdle, nonetheless.

With the Customs Union in place, Russian customs authorities have faced rivals in the other Union member states: should such challenges as delays in the exercise of customs clearance procedures and problems with an excessive amount of necessary paperwork be not replaced by a customer-friendly approach, it will be no sweat for importers and exporters to switch to the same services in Belarus and Kazakhstan.

Now that an agreement on application of the procedure of collection and allocation of import customs duties came into effect on 1 September 2010, the duties in question are channeled to special accounts in each state and automatically allocated between the three state budgets. They first are accrued onto a single account and subsequently are allocated between the said budgets in accordance with pre-set ratio, under which RF is entitled for 87.97% of the overall amount of customs duties, Belarus – 4.7%, Kazakhstan – 7.33%. According to the Commission of the Customs Union, the first month of implementation of the Agreement (September 2010) resulted in Russia collecting USD 2.05 bn in customs duties, Belarus – USD 109.4 mln., and Kazakhstan – USD 170. 9 mln.

The Federal Treasury's statistics of execution of the RF budget evidence that having insisted on its variant of splitting the duties, Russia, as a minimum, has not lost any revenues: prior to the implementation of the new mechanism, in July 2010, Russia had collected Rb. 49 bn in import customs duties, while in August 2010 – Rb. 55 bn Meanwhile, the September "split" revenues accounted for Rb. 63 bn The increase in collection could be ascribed to seasonality. Since October 2010 FCS has started singling out split import customs duties out of their overall volume and in that month they amounted to Rb. 60 bn In any case, the amount of import duties is smaller (in 2010 – 4-fold) than export duties that form the major revenue item for FCS, with their amount depending on current prices of Urals.

In compliance with art. 3 of the RF Act "On customs tariff", in 2010, the RF Government developed and adopted 12 resolutions to approve export duty rates on crude and oil products.

The export customs duty rate on crude and petroleum derivatives produced from bituminous rock exported from Russia to beyond the borders of the Union member states was changed every month in 2010 on the basis monitoring of prices for crude Urals. The prices were subject to monitoring between the 15th day of each calendar month and the 14th day of the next calendar month (*Table 6*).

Table 55

Export Duty Rates on Crude and Oil Products in 2010 г. (USD/T)

	Oil	Oil products	
		light	black
1 January	267.0	192.2	103.5
1 February	270.7	194.7	104.9
1 March	253.7	183.2	98.7
1 April	268.9	193.5	104.2
1 May	284.0	203.7	109.7
1 June	292.1	209.1	112.7
1 July	248.8	179.9	96.9
1 August	263.8	190.0	102.4
1 September	273.5	196.5	105.9
1 October	266.5	191.8	103.3
1 November	290.6	208.1	112.1
1 December	303.8	217.0	116.9

Source: resolutions of the RF Government.

In accordance with the package of agreements on formation of the Common Economic Space signed in December 2010, Russia bound itself to supply exempted from export duty oil to Belarus since 1 January 2011. Meanwhile, Minsk committed itself to refund 100% of export duty on petroleum derivatives produced from the Russian oil, should they be exported to beyond the borders of the Customs Union, while export duties on Belarus's own oil (some 1.7 mln. tons) will be collected to the country's budget.

The bilateral agreement on carbohydrates does not concern the oil Belarus can procure from Venezuela and other third countries. Duties on oil products made from such oil will also be collected to Belarus's budget. Such a scheme will be in place for three years until the moment the three nations develop another mechanism of splitting export customs duties.

As concerns the size of the export duty on oil products Belarus will be transferring to Russia's budget in 2011, it will make up 67% of the duty on crude for light oil products and 46.7% - for black ones, ie. matching the new formula of calculation of export duty on oil products implemented since February 2011 in compliance with RF Government's Resolution of 27 December 2010 № 1155. In 2012, the duty on light oil products will account for 64% of the crude duty, while that on black ones – 52.9%. Since 2013 both duties will become even and make up 60% of the oil duty each.

On the level of bilateral agreements Russia and Kazakhstan also agreed, within the framework of the Customs Union, not to change until 2015 the current regime of collection of export duties on oil Russia supplies to Kazakhstan. Presently Russian oil supplies to Kazakhstan have been exempt from export duty.

On 5 November 2010 the Federal Act "On Russia's joining the International Convention on the Simplification and Harmonization of Customs Procedures of 18 May 1973 as revised in the Protocol on introducing amendments to the International Convention on the Simplification and Harmonization of Customs Procedures of 26 June 1999" was signed.

The International Convention on the Simplification and Harmonization of Customs Procedures (the Kyoto Convention) was adopted on 18 May 1973 in the city of Kyoto and implemented on 25 September 1974. On 26 June 1999, the session of the World Customs Organization approved the revised Convention whose ultimate objective is promoting global trade by simplifying and harmonizing customs rules and procedures. The revised version came into effect in February 2006.

The Convention obligates the signatories to employ uniform international standards in their customs authorities' operations, simplified and automated customs procedures. As well, it provides for the transition to the use of electronic documents and establishment of an electronic one-stop-shop system. Joining this international treaty constitutes a necessary step in the process of accession to WTO.

As a reminder, Russia, Belarus and Kazakhstan put on hold their negotiations on joining WTO in the frame of respective working groups in the summer of 2009, when they decided to establish the Customs Union and hold negotiations together. The decision was subsequently revised and the then would-be Union states agreed they could conduct negotiations on their own, but proceeding from the common stance.

The multilateral consultations held in Geneva on 25 May 2010 resulted in the Working Group on Russia's accession to WTO ruling to renew the negotiations. In late 2010, Russia significantly intensified its efforts in that direction and succeeded in completing negotiations with the US and EU.

The Russian delegation and members of the Working Group on Russia's accession to WTO have to find compromises with regard to the level of agricultural subsidies, the regime of access to Russia's meat market, state-owned trade enterprises' operations, the amount of export duties (on timber in particular), transparency of the national law, among other things.

The Russian side keeps amending the draft Report of the Working Group due to the establishment of the Customs Union between Belarus, Kazakhstan and Russian Federation.

The first block of renewed sections was discussed at the multilateral meeting on 21 September 2010, the second one – on 25 October, and the third one – on 8 December 2010. The general reaction of the WG members was positive. A number of WTO member states put some questions, and the Russian side made clarifications in writing and in the course of bilateral meetings.

On 26 October 2010, Russia held multilateral consultations on agriculture with the4 parties concerned. At the consultations, the Russian side presented revised calculation templates on the state support of the agrarian sector in 2007-08.

In addition to the WG Report, an inseparable part of the Protocol on Russia's accession to WTO shall become consolidated lists of obligations on granting access to the domestic markets for goods and services. The work on development of the consolidated list of access to the market for goods is still in progress, while the consolidated list with regard to access to the market for services was sent out to the WG members in October 2010. In the event of any discrepancies with regard to any obligation enumerated therein, the Russian side will be compelled to hold additional consultations and negotiations with the WTO member states concerned.

The negotiations on meat import quotas are the toughest challenge, for some WTO member states are keen to retain conditions agreed upon back in 2006. Since then Russia has invested heavily in development of its meat complex and now its domestic producers demand to fence them from import, while the importing countries insist on keeping their quotas unchanged.

Russia is going to hold negotiations on meat supplies with 10-15 WTO member states, including the US. This process should take several months to complete. The Russian negotiators' ultimate task is "to agree on such conditions of importation of meat in the country, which would allow <the government> to implement development and investment plans". What Russia offers seems to be tighter than the 2003-05 conditions (at the time, the Government restricted meat imports).

In 2011, the government is going to substantially slash the poultry import quotas, which are supposed to account for 350,000 t. instead of the earlier planned 600,000 t. The decisions should affect primarily the US suppliers' interests. Their 2010 quota was 600,000 t. out of a total of 780,000 t., but the actual volume of the US poultry import made up just 300,000 t. The fall should be ascribed to the US poultry failing to meet the new Russian sanitary- hygienic standards.

The import quota on pork for 2010 and 2011 was set at the level of 472,100 ton, while for 2012 – 425,000 ton. The annual quota on refrigerated beef for 2010-12 accounts for 30,000 ton, while the one on deep-frozen beef – 530,000 ton.

With its Resolution of 29 December 2010 №1190 the RF Government retained the duty on round timber unchanged – that is, 25% of its customs value, but no less that Euro 15/c.m. The duties on Russian timber supplies to Finland until recently have been a major obstacle to Russia's accession to WTO, as the EU has been demanding for their lowering since 2004. But as the country's accession to WTO was delayed, Russia took a course towards bolstering the national word-working sector. In February, the RF Government decided to launch a gradual increase of export duties on unprocessed timber. The duties were raised up to 20% of the value of a shipment since 1 July 2007 and subsequently – up to 25% effective since 1 April 2008. It was envisaged to further increase export duties on round timber up to the protective level of 80% since 1 January 2009; however, under the EU pressure and because the domestic woodworking sector was not ready yet, in 2008 Russia imposed a moratorium on increases of the duties and froze them at the level of 25% of the customs value. The moratorium was set to expire on 1 January 2011, after which the duties might have hit 80%. However, at the Russia-EU summit in the early December 2010 the parties agreed to extend the moratorium and to lower duties upon Russia joining WTO. That said, the Russian side does not waive its right to raise the duty rates since 2012, should the nation fail to join WTO.

Russia has chances to join the Organization in 2011, after nearly 17 years of negotiations. Usually, it takes a nation five to seven years to complete negotiations and the accession procedure.

As a reminder, WTO currently unites 153 states, whose overall proportion in the global trade accounts for 95%.