



THE “CIS EFFECTS” OF RUSSIA’S WTO ACCESSION

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Abstract: The Russian accession to the WTO will have remarkable effects on the CIS countries. This state of affairs is strongly related to trade issues, because Russia plays an important role in each country’s trade. Countries’ present WTO status allows the impact of the Russian accession to the WTO to be predicted. As Russia is still using the non-WTO-conforming GOST standard, it is essential to compare that with the WTO’s SPS measures. The WTO accession has pros and cons for Russia, but the already ratified Russian accession package demonstrates that pros became stronger.

Key words: Trade analysis, WTO, food safety, SPS, GOST

INTRODUCTION

After the collapse of the regime of the old Soviet Union, the Commonwealth of Independent States (CIS) was established by the 11 states (arranged alphabetically) of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. Although the initial agreement providing for the establishment of the CIS has lost some of its relevance, it is still in force. Years of common tradition cannot be erased quickly. Where issues of trade are concerned, every country analysed has a connection with the WTO except Turkmenistan. Specifically, half are WTO member states, while the other half are observers. The Russian Federation has just become member. In Due to this fact, the WTO has 156 members, with the n economy being n largest economy to re-

main outside it. While the WTO deals with the overall rules of trade between nations on the international level, the present study has opted to concentrate on the one important aspect that the regulation of food safety represents. This inevitably denotes that such important issues as the Russian support system and its integration into the box system of the WTO will not even be touched on here.

In international trade there is an essential requirement that a transparent, harmonised system of rules that has gained worldwide acceptance should be in place, and that these should be justified on an independent, scientific basis. SPS measures meet the criteria in question, inasmuch as that nothing more than basic rules are provided, with the right of member states to set their own standards being fully recognised.

However, GOST¹ – as the heritage of the former Soviet system not in any way conforming with the WTO's SPS measure – has Russia as its most significant user, ensuring that Russia's WTO accession will accelerate the demise of GOST in the former Soviet area. At present, some of the CIS countries have parallel standards in use, i.e. GOST for relations with Russia and SPS for the rest of the world.

While Russia's WTO accession was a very topical issue, most considerations confine themselves to the Federation itself, not therefore touching upon the additional impacts the accession in question are certain to have on the other CIS countries. A CRS (Congressional Research Service) report from Cooper (2008) assessed the American and Russian points of view as a background paper for the decisionmakers. In turn, Aslund, as a former economic adviser in Russia and some other CIS countries, has described precisely the history of negotiations, and made it clear that the question is now a purely political one (e.g. Aslund 2010). The Carnegie Moscow Center is also active in publishing relevant articles and organizing scientific meetings on this theme, and has proved up to the task of easing most anxieties, regarding increased unemployment, for example (e.g. Yudaeva 2003). The World Bank ran a general equilibrium model in order to assess the impact of the Russian accession (Jensen et al. 2004; Rutheford and Tarr 2006), the results of analyses pointing to major gains where the country's economy is concerned.

The one most major common feature in all the relevant literature is the consensus among the authors that Russian accession is just a question of time. With this awareness in mind, the present study offers an overview of the trade links among the CIS countries which demonstrates the importance of Rus-

sia as a trading partner. The data used in the analysis are the latest available.

The analysis is then followed by a presentation of the WTO's SPS system. As joining the WTO will have significant impacts on the Russian economy, the related pros and cons are summarized, in a part that also offers certain facts regarding the Ukrainian accession, on the basis that this might help in measuring how large the impact of Russia's accession to the WTO could be. In the last chapter, the attention turns to the present Russian food-safety standard and its impacts. The so-called GOST system is still in use even in the CIS countries that are already WTO members. Major changes are thus to be anticipated in this field, as the GOST system is not accepted by the WTO.

The following Fig. gives a geographical overview of the analyzed countries. The three country groups can be easily identified. Belarus, Moldova and Ukraine comprise the European CIS, while CIS Transcaucasus takes in Armenia, Azerbaijan and Georgia, while the Central Asian CIS countries are Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

This article's three main chapters commence with one analyzing trade links between former Soviet countries and the Russian Federation, with a view to establishing Russia's importance as a trading partner to these countries. A further analysis on food-safety issues is based on the above. The countries in question are often divided into three groups (European, Transcaucasian and Central Asian), which can be characterized by different trade orientations. Nevertheless, the role of Russia is key in each group's trade.

The next chapter is then devoted to the WTO's Sanitary and Phytosanitary (SPS) measures. As an example of the effects of WTO accession on trade, the case of Ukraine is presented.

The third chapter then offers a discussion of the so-called GOST. As Russia and some of its trading partners still make use of this state standard not conforming to WTO

¹GOST is an acronym of "gosudarstvenny standart", or state standard. GOST standards were originally developed in the Soviet Union and are now administered by the Euro-Asian Council for Standardization, Metrology, and Certification, a standards organization chartered by the Commonwealth of Independent States.



Figure 1. The geographical location of CIS countries

Source: <http://www.lib.utexas.edu/maps/commonwealth/commonwealth_pol_97.jpg>

<http://rcin.org.pl>

requirements, a detailed analysis of differences between SPS and GOST is essential if the impact of a future Russian WTO accession on the CIS countries is to be understood.

TRADE CONNECTIONS

This chapter is dedicated to an analysis of the trade links involving the selected countries. This knowledge provides the basis for an understanding of relevant food safety issues. The database used in the analysis has been the WTO's International Trade Statistics, which embrace agricultural raw materials and processed food in line with Revision 3 of the Standard International Trade Classification (SITC sections 0, 1, 4 and divisions 21, 22, 23, 24, 25, 26, 29). What is notable is the importance of the Russian markets in both the export and import directions. The

strated at country group level. Table 1 sums up the main trade destinations of the European CIS countries.

The European CIS countries are in locations between the European Union and Russia. While the EU-27/Russia together constitutes their major export and import partner a player as regards also, it is possible to note how EU-27 come second in wheres are concerned most of the cases. Moldova has the tightest connection with the EU on both the export and import sides, while Belarus is at the other end of the spectrum, with a high level of export to Russia plus a dominant share of imports taken by the latter.

Table 2 shows the same data for the Transcaucasian CIS, i.e. countries that seek increasing independence from Russia (most notably in the case of Georgia). The states in question have stated their intention that the EU should be their major trading partner.

Table 1. Breakdown of trade for European CIS countries by main destinations, 2010

Countries	Major export partners	Major import partners
Belarus	Russia (38.5%), EU-27 (30.0%), Ukraine (10.1%)	Russia (51.3%), EU-27 (21.5%), Ukraine (5.4%)
Moldova	EU-27 (47.2%), Russia (25.5%), Ukraine (5.8%)	EU-27 (44.2%), Russia (15.2%), Ukraine (13.7%)
Ukraine	Russia (26.1%), EU-27 (25.4%), Turkey (5.9%)	Russia (36.5%), EU-27 (31.4%), China (7.7%)

Source: WTO database

Table 2. Breakdown of trade for Transcaucasian CIS member countries by main destinations, 2010

Countries	Major export partners	Major import partners
Armenia	EU-27 (49.5%), Russia (15.8%), USA (8.1%)	EU-27 (25.4%), Russia (21.9%), China (10.6%)
Azerbaijan	EU-27 (47.5%), Israel (8.2%), USA (8.0%)	EU-27 (25.3%), Russia (17.4%), Turkey (11.7%)
Georgia	EU-27 (18.5%), Azerbaijan (15.4%), Turkey (13.6%)	EU-27 (28.2%), Turkey (17.3%), Ukraine (10.9%)

Source: WTO database, DG (2010/a) for Azerbaijan, DG (2010/b) for Georgia

reason for this is simply the location of these countries, as they are situated on the border of, or relatively close to, the Russian Federation.² However, there are major differences among the countries which can be demon-

Analysis of trade links reflects the objective in question, as the EU does indeed play a dominant role in regard to these countries' exports and imports alike. Although they have no common frontier with the European Union, their intention is to have close connections with that market. Russia makes only three appearances in this case, of which

² The lack of a language barrier is also obviously important.

two concern Armenia. On the other hand, it needs to be kept in mind that the Russian market is still playing an important role in these countries' trade, as it can be characterized by lower standards. For as long as the countries in question remain unable to meet EU standards, they will have no choice but (re)entry on to the Russian market (Patsuria 2010).

As anticipated, the Central Asian CIS countries also retain close trading links with the Russian Federation. They are geographically the farthest from the EU, and cannot take advantage of special, cheap trading routes. Table 3 offers an overview of their main trade destinations.

The importance of the Russian markets seems greater in the Central Asian CIS countries, though China is also of greater importance – obviously as a reflection of geographical locations. The only exception relates to exports from Kazakhstan, where the EU does indeed have a dominant role, if one centred mainly around raw materials (oil and gas).

Fig. 2 shows the percentage shares Russia accounts for when it comes to countries' exports and imports. These values are the abovementioned percentage rates, as weighted in line with the total value of exports and imports of the given countries. This method is biased toward those countries that have

Table 3. Breakdown of trade for Central Asian CIS countries by main destinations, 2010

Countries	Major export partners	Major import partners
Kazakhstan	EU-27 (53.8%), China (17.7%), Russia (5.3%)	EU-27 (30.1%), Russia (22.8%), China (16.5%)
Kyrgyzstan	Switzerland (26.1%), United Arab Emirates (20.3%), Russia (17.3%)	Russia (33.6%), China (20.7%), Kazakhstan (12.0%)
Tajikistan	Turkey (33.3%), Russia (13.7%), Uzbekistan (9.5%)	China (33.3%), Russia (13.7%), Kazakhstan (73.4%)
Turkmenistan	China (30.8%), EU-27 (14.1%), Turkey (11.3%)	Russia (21.5%), Turkey (20.9%), EU-27 (16.7%)
Uzbekistan	China (23.8%), Russia (16.0%), Turkey (15.9%)	Russia (23.1%), EU-27 (21.0%), South Korea (15.6%)

Source: WTO database, DG Trade (2010/c) for Tajikistan, DG Trade (2010/d) for Turkmenistan, DG Trade (2010/e) for Uzbekistan

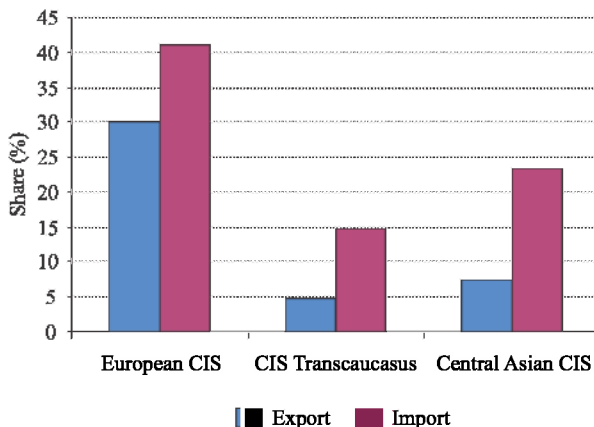


Figure 2. The share accounted for by Russia in trade engaged in by groups of countries, 2010

Source: author's calculation based on WTO database and national statistics

higher absolute figures for exports and imports within each country group. The countries in question are Ukraine (European CIS), Azerbaijan (CIS Transcaucasus) and Kazakhstan (Central Asian CIS). When it comes to the importance of the Russian market, the picture is clear. It has the greatest overall importance in the European CIS countries, while is of much less significance in the Transcaucasian CIS. The Central Asian CIS countries fall somewhere in between the other groups.

For the European CIS the results have not changed markedly in comparison with the simple average of the individual percentage values. The share of exports taken by Russia is above 30 percent, while the figure for imports surpasses 40 percent. This means that the export- and import-related structure to the trade engaged in by these countries is very similar where the significance of the Russian market is concerned. However, the same may not be said for the other two groups of countries, most especially the Central Asian countries. As was mentioned, this region is dominated by Kazakhstan, for which the Russian export share is much lower, in contrast with that than the average percentage rate for Central Asian countries (5.3% compared with 10.8% with). This results in a lower value for the Russian export share for the. In the case of CIS Transcaucasus countries, exports show remarkable notable level of deflection too. This reflects the role of Azerbaijan, where Russian exports are at over 1 billion USD, notwithstanding the fact that this represents only a 4.4% share of the country's total exports. It is worth noting how almost half of Azerbaijani exports go to the European Union.

THE WTO'S SPS

Taking into consideration the possible effects of Russia's WTO accession, exact knowledge of the WTO agreement on SPSM (Sanitary and Phytosanitary Measures) is essential. This "SPS" agreement sets out the

basic rules, but leaves WTO members free to set their own standards.³ The five elements (referred to on the WTO website) are:

- harmonization – harmonization of SPS measures in line with international standards (the FAO/WHO⁴ *Codex Alimentarius* Commission for food; the International Animal Health Organization for animal health and the FAO's Secretariat of the International Plant Protection Convention for plant health);
- transparency – governments are required to notify other countries of any new or changed SPS measure which affects trade;
- scientific basis – the SPS Agreement allows countries to set their own food safety and animal and plant health standards, with the provision that these be scientifically based and justified;
- non discrimination – foreign products should be treated no less favourably than domestic products;
- equivalence – members shall accept the sanitary or phytosanitary measures of other members as equivalent, even if these measures differ from their own.

The importance of the WTO's SPS measures is underlined by the WTO status of the selected countries. Kyrgyzstan was first to accede to the WTO, in 1998, while the most recent accession before the last enlargement round⁵ was that of Ukraine in 2008. Table 4 offers an overview of the WTO status of the selected countries.

In the next few years, states that at present have observer status will go on to become full members. This will result in their assuming the obligation to comply with WTO rules on sanitary and phytosanitary

³ Its operation in practice: "if an exporting country can demonstrate that the measures it applies to its exports achieve the same level of health protection as in the importing country, then the importing country is expected to accept the exporting country's standards and methods" (WTO website).

⁴ FAO = Food and Agricultural Organization; WHO = World Health Organization

⁵ The accession package of Samoa, Montenegro and Russia was approved on the final day of the 2011 Geneva Ministerial Conference, 17 December, 2011 (WTO website).

Table 4. The WTO status of the selected countries*

WTO members	WTO observers**
Armenia (2003), Georgia (2000), Kyrgyzstan (1998), Moldova (2001), Russian Federation (2012), Ukraine (2008)	Azerbaijan, Belarus, Kazakhstan, Tajikistan, Uzbekistan

* Turkmenistan has not applied for WTO membership..

** Observers must commence with accession negotiations within five years of becoming observers.

Source: WTO website

standards as soon as possible, any lack of compliance being likely to stand in the way of these countries' successful participation in international trade (World Bank 2007).

The important question at this point would concern the reasons for membership being so important to Russia. On the one hand, the country will no longer be allowed to resort to the kind of quantitative import restrictions employed introduced in 2003 on poultry imports, or else the unilateral import bans of the kind used in 2007 against imports of Polish pig meat. Furthermore, some groups like the agricultural lobby or heavy industry are against the accession, as it necessitates imperative reform of the present subsidy system (which *i.a.* entails dual pricing for gas, electricity and oil)⁶ and a lowering of existing trade barriers (Cooper 2008). For as long as agriculture keeps receiving both direct and indirect subsidies by way of cheaper inputs (not only of gas and electricity, but also of fertilizer), there will naturally be opposition to the accession.⁷ This is also the case for heavy industry (cars, aircraft, aluminum, chemicals, etc.), in relation to which the relatively high trade barriers serve to compensate for lack of competitiveness. The financial (banking and insurance) sector will also be affected markedly, as the opening of foreign branches is prohibited in Russia. They demand delays with accession or else a guarantee that this

artificial safety net will not have to be lowered post-accession (Hanson 2007).⁸ Moreover, as Russia mostly exports commodities, it has less need for the WTO than, say, China, with its dominance of exports of manufactured goods (Aslund 2010).

On the other hand, membership will allow Russia to be an active participant in world trade negotiations, thereby enjoying the chance to implement its national interests. It should be kept in mind that Russia can obtain significant growth from its WTO accession.⁹ The level of this was assessed by the World Bank at 3.3 percent of GDP in the medium turn (Jensen et al. 2004), albeit with a later increase in the forecast to 4.3 percent (Rutheford and Tarr 2004). This is strengthened by the changing structure to Russian exports, which are also less and less dominated by raw materials, as opposed to the much more favorable intermediary goods trading within the WTO framework (Aslund 2010). In general, the achievement of membership of the WTO will have a positive effect on exports, and will reduce the incidence of the anti-dumping cases giving rise to a loss of \$2.5 billion annually (Yudaeva 2003).¹⁰ In parallel, on the import side, it will result in lower import prices for both consumers and processors. Last but not least

⁶ According to the accession agreement, they will get energy on normal commercial prices (WTO website).

⁷ The trade distorting agricultural support should be gradually reduced to \$4.4 billion by 2018 (WTO website). But it should be mentioned that there is no agricultural product in the top 200 exported Russian products (ITC database on Russian Federation).

⁸ According to the accession agreement, foreign insurance companies will be allowed to open branches from 2020.

⁹ Its main source would be improved competition at home through the promotion of foreign direct investment, not enhanced market access (Aslund, Bergsten 2010).

¹⁰ It is also important to mention how most oligarchs are not against the WTO, as this has a limited impact where natural resources like oil or gas are concerned (Yudaeva 2003). It can be emphasized by the fact that over 50% of Russian oil export is already tariff free (Fean, 2011).

WTO membership will increase foreign direct investment in the Russian market sector (Fean, 2011). Beyond these arguments is the simple fact is that the WTO has already hasigned the Russian accession package status, a fact usually taken to imply which will come into force after the Russian ratification.¹¹ Furthermore, Russia has recently signed the bilateral agreement with the USA that represented one of the last major obstacles. The Russian chief negotiator Maxim Medvedkov stated in June that Russia could join the WTO in 2011, and this statement could be taken to emphasise the official governmental standpoint. This process will end in 2012, when Russia ratifies its accession package (WTO website).

Ukraine could be a good example as the most recent acceding country from the CIS group. Its territory is far above average size for the countries under consideration, though of course is not as large as Russia. The accession had several effects on the Ukrainian economy, of which the most significant was lowered tariffs phased in up to the end of 2010. The average tariff for agricultural products is 10.66%, while for industrial goods it is 4.95% (EC 2009). These ceilings will be 10.8% and 7.3% respectively for Russia (WTO website).¹² Ukraine maintained a higher out-of-quota tariff for sugar and for sunflower oil as sensitive products, but lower rates for those where it has comparative advantage (e.g. grains). The EU became the main agri-food trade partner for Ukraine before the WTO accession and its share is displaying an upward trend. The country's situation and agricultural endowments make agriculture an important sector, and fears over accession were even stronger here than in Russia. The most important lesson which can be learned is that competitive

sectors like grain became even more competitive, while protected sectors suffered from intensified competition. The overall winner is undoubtedly the consumer, as they gain access to both a wider range of products and lower prices. Fig. 3 shows the evolution of Ukrainian trade from 2005 up to 2010 – the latest year for which data are available.

Fig. 3 confirms the way in which both exports and imports showed marked increases through until 2008. After that, trade in both directions was very much impaired by the global financial crisis. Nevertheless, as the decline in imports was much larger than that in exports, the trade deficit declined from \$18.6 billion, to \$5.8 billion in 2009. However, as the global financial crisis and WTO accession happened in the same year, it is impossible to measure the effects of the two aspects separately. This is underlined by the fact that Ukraine suffered one of the most severe GDP losses. It seems that the whole process started again in 2010 resulting a trade deficit of 9.43 billion USD. As major Russian concerns are connected with agriculture, Fig. 4 gives an overview of trade in this area (involving agricultural raw materials as well as processed food).

Agriculture plays an important role and generates a significant and growing surplus year after year. This trend was not even disturbed by the financial crisis, despite this causing major declines in the value of exports (-12.1% from 2008 to 2009), but especially imports (-23.6%). It needs to be emphasised that the trade surplus doubled from 2007 to 2008. In the last three years the Ukrainian agricultural trade surplus seems to be stabilized over \$4 billion and it is likely to be less sensitive to worldwide crises. The final outcome of the WTO accession cannot be judged clearly again but, despite the negative effects of the crisis, agriculture seems to be a winner in spite of everything.

The EU is becoming a more and more important trading partner for Russia and the other former Soviet countries (especially the Transcaucasian CIS countries). Their long-term objective should therefore be the development of an EU-compliant food safety

¹¹ Although Russia applied for membership in 1993, it has waited longer than any other countries (Aslund, Bergsten 2010). On average, WTO accession talks take about 5–7 years. With the accession as a latest of the middle of 2012, Russia has waited almost two decades for becoming WTO member.

¹² The final tariff ceiling will be lowered from 10% (2011) to 7.8% for all products (WTO website).

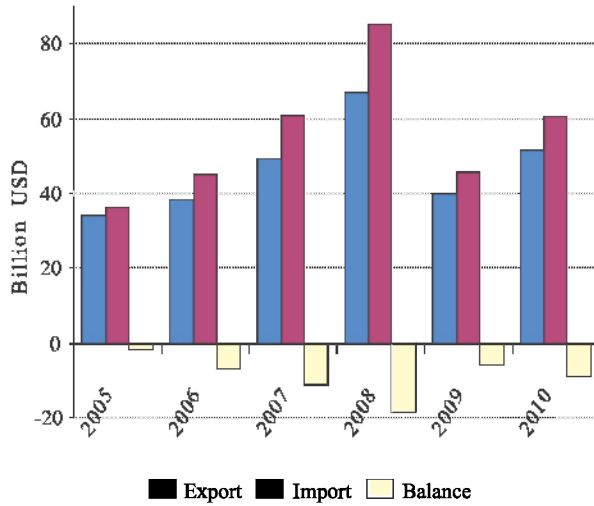


Figure 3. The evolution of Ukrainian trade

Source: author's calculations based on WTO Time Series on international trade

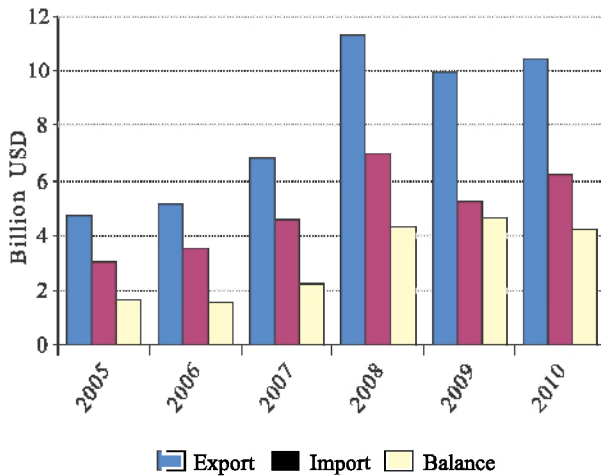


Figure 4. The evolution of Ukrainian agricultural trade

Source: author's calculations based on WTO Time Series on international trade

system which accords with the WTO's SPS (Lampietti et al. 2009). However, the progress with adoption seems very limited (ICO 2008). A special pricing system encouraging farmers to produce high-quality products could be an element of this (EBRD 2007). In addition, the small-scale farms constituting

a significant presence in most of the countries concerned often lack the resources necessary to apply and maintain the food safety systems. According to the FAO (2007), less than 10% of farmers can realistically be considered to have production large enough to compete on a higher level, and to invest in expensive new

technologies. It should in any case be kept in mind that the establishment of a food safety agency cannot of itself solve food safety problems, if it lacks such resources as qualified and well-paid staff, financial resources for testing, well-equipped laboratories with satisfactory capacity, etc. (Mizik 2010)

CURRENT RUSSIAN FOOD SAFETY STANDARDS AND THEIR EFFECTS

The extensive system of laboratories characteristics of the Soviet era can be seen to have collapsed in the wake of the transition (World Bank 2007). The new, independent countries had to cope with significant declines in production and had no resources to even maintain the level of food-safety infrastructure, let alone enrich and augment it. The laboratories in question were anyway designed to meet the former Soviet food-safety standards called GOST. GOST-based standards are not WTO compliant and are not recognized by most of the world's trading countries (World Bank 2007). On account of its nature and the state control exercised over it, the GOST system proved highly inflexible and also provides opportunities for corruption, especially when even the inspection services go unfunded. Generally there are too many inspections, which are very costly.¹³ In some of the countries the quality of water-supply and sewerage infrastructure constitute main reasons for certain diseases, denoting that food safety has to begin at the level of basic infrastructure. Georgia is heavily affected by this, its rate of botulism for example being the highest anywhere in the world (Dunn 2008). CIS countries should focus on prevention, independent control and cooperation between the private and public sectors. However, this is hampered by the system of small-scale farms in some of the countries.

Where the CIS countries are concerned, Russian WTO membership would acceler-

ate the process by which SPS is implemented. This is the case because Russia continues to use the GOST system, which thus also remains in use across most of the CIS. For example, while Armenia even reported that it was to withdraw GOST standards, its inspectors still follow them (World Bank 2005). The main differences between the two systems lie in their approaches: SPS is based on private control while GOST's central element is governmental control. In this regard it needs to be borne in mind that the implementation of a WTO-compliant system requires strong political leadership and consensus among the stakeholders, and depends not only on juridical actions, but also on time and money (World Bank 2007). This requires trained staff, a new way of testing and independent laboratories.¹⁴ There is thus no strong driving force for implementation of the WTO system for as long as intra-CIS trade remains stronger. Naturally, the process (or lack of it) was also influenced by the recent global economic crisis and the way in which it affected available financial resources so very considerably. Overall, though, there is a loss of markets taking place *i.a.* on account of the enlargement of the European Union. The last (2007) round affected Moldova in particular, its market access being reduced by the EU accession of Romania. In addition to this, some Russian markets are large enough to operate with the GOST system.

As a future WTO member, Russia will have to implement the WTO agreement on SPS. In this regard, Russia is in a good position thanks to the considerable financial resources available to it even in time of recession. The full harmonization and implementation of WTO standards on the basis of consolidated labs could be achieved readily, providing that strong political support for the changeover is forthcoming. Although the Russian accession would accelerate the implementation of SPS in the former Soviet

¹³ Rent-seeking may be recognized as a main aim of the greater part of the inspections carried out, which thus have no link to the generation of added value.

¹⁴ For instance, on the EU markets, independent laboratories should meet the Good Laboratory Practice levels (EU audit levels).

countries, this process will even then take time and money, which not all can spare at all easily. The process will thus spread through the CIS countries in different ways. Notably, countries like Kazakhstan, Azerbaijan or Turkmenistan are in a better position, since they have more financial resources due to their considerable resources of raw materials (most especially oil and gas).

SUMMARY AND CONCLUSIONS

An overview of trade links has been essential. Rather surprisingly, the EU is revealed to have a dominant share as regards every group of countries, in terms of both exports and imports. Russia is a more important trading partner of the European and Central Asian CIS countries than those in the Transcaucasus region.¹⁵

Taking into account that the Russian accession package was already ratified and 5 countries out of 11 are already members of WTO and the remainder other than Turkmenistan are observers, the application of Sanitary and Phytosanitary Measures is a real and challenging issue. It is more urgent for those countries having intensive trade links with the EU, as the lack of SPS measures represents a barrier where entry on to the Single Market is concerned.¹⁶ The SPS system requires the establishment of food safety agencies and laboratory system that are independent, but this step of itself cannot resolve food-safety problems. The CIS countries still use the former Soviet food-safety standards (GOST), and any switch from GOST to SPS is sure to prove both costly and time-consuming. Current WTO members have devised a regulatory framework, but proper implementation and use are still insufficient. Above all, implementation of the WTO-compliant system requires strong political leadership and a consensus

among the stakeholders. In this regard, Russian WTO membership would accelerate the implementation process for SPS, since the main reason for going on using GOST standards is the relatively high level of intra-CIS trade.

It is of interest to highlight once again that with the Russian accession there is no significant economy outside the WTO. Indeed, even at this stage there remain pros and cons of Russian WTO membership. Who needs the other more? In the short run, the matter seems political in nature, with Russia's decision to go on outside the Organization taken as a demonstration of its sovereign power, albeit one that ought in the long run to yield to the economic facts of life, like the demand imposed by the changing composition of Russian exports (a move from commodities toward manufactured products), or else the gains in wellbeing that are quantifiable and indicative of significant GDP growth. The Ukrainian case shows clearly that competitive sectors can gain from accession, due to the lower export barriers that entails. But even taking into consideration the forthcoming presidential elections in 2012, the Russian accession to the WTO will be finalized by the middle of 2012.

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¹⁵ Due to the CIS rules of origin, CIS countries face with preferential tariffs entering the Russian market.

¹⁶ On the long run they should develop an EU-compliant food safety system.

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