

# WTO Trade Policy Review of the Russian Federation: UK Statement

Thank you Chair. Let me first of all join others in welcoming Director Ekaterina Mayorova and her numerous team from the Russian Federation here today. Allow me to thank her Government and the Secretariat for their respective reports and work towards this Review. I would also like to extend our thanks to our distinguished discussant Ambassador Chambovey for facilitating the process and for his, as ever, insightful comments at the opening of this meeting.

Chair, we appreciate the opportunity to engage with the Russian Federation on its trade policy regime.

Bilateral trade between the UK and Russia grew to over £14.5 billion in the four quarters to the end of Q2 2021. Exports from the United Kingdom to Russia totalled over £4bn during that period. Russian exports to the United Kingdom between 2016 and 2020 increased threefold giving a total of over £10 billion.

I would like to join other Members in welcoming the active participation of the Russian Federation right across the different negotiations we have in this house, not least across the invaluable plurilateral initiatives. We welcome Russia's contributions in these important discussions to modernise the WTO Rulebook and make it fit for the 2020s. I would also like to recognise the positive changes made and steps taken by the Russian Federation since its last Trade Policy Review in 2016, such as implementing key provisions of the Agreement on Trade Facilitation, reductions to the simple average applied MFN tariff rate, and developments in the area of electronic commerce.

Chair, having spoken about these several encouraging developments, I note, like others, that there remain a number of areas in which we would like to see further efforts by the Russian Federation to promote free and fair trade.

Firstly, despite the commitment expressed by the Russian Federation in its report to improving the business climate, as other Members have also noted this morning, Russia continues to implement local content and import substitution policies. Indeed, this is clear from the comments of the Russian Government in its own report. These policies, as others have said, have an impact upon foreign direct investment, and upon government and commercial procurement practices. We cannot ignore their detrimental effect on free and fair trade, international trade and investment. We call on our Russian colleagues to ensure Russia's policies are consistent with its WTO obligations, and are administered in the spirit of those obligations.

Related to this, we note that the significant stake of state owned enterprises in key sectors of the Russian economy continues to hinder open and fair competition. The United Kingdom would like to advocate a reduced

role for state owned enterprises in the Russian economy, in line with the liberalising spirit of the commitments our countries have undertaken as WTO Members.

Secondly, like other Members which have spoken this morning, we would like to highlight the further challenge for competitive conditions which is posed by the prevalence of domestic subsidies and tax relief policies within the Russian Federation. These market distorting policies disrupt the level playing field and provide unfair advantages to domestic Russian entities over their international competitors. In our view such policies are present in a wide range of sectors, such as IT, energy, agriculture and agri-tech, as well as being embedded in Russia's export credit system. Again, Chair, we would encourage the Russian Federation to review its policies in this area to ensure compliance with WTO commitments.

Thirdly, Chair, I would like to comment on another matter of concern for British business operating in the Russian Federation. Our questions to the Russian Federation contain several requests for clarification as to the interaction between the regulatory regimes of the Russian State and the Eurasian Economic Union. The lack of clarity and coherence between these regimes in areas such as SPS, intellectual property and labelling leads to burdensome complexity for British business and other international businesses and in some cases serves as a substantial barrier to trade. We look forward to reviewing Russia's responses to our questions on this matter.

We would like to highlight challenges with the enforcement of legislation on intellectual property rights developed at Union and State level, in a context where online piracy continues to pose an ongoing threat to the interests of UK business in Russia. We urge the Russian Federation to align its standards to those of international best practice, refrain from introducing measures that are more trade restrictive than necessary and strengthen its enforcement practices in these important areas.

Lastly, whilst we welcome the confirmation in the Secretariat's report that Russia's notification record is generally positive, we must highlight that some notifications remained outstanding towards the end of 2020 and no notifications were provided in relation to State Trading Enterprises under Article XVII of the GATT. Again Chair we would encourage the Russian Federation to make all relevant notifications to the WTO in a consistent and timely manner, in line with its own transparency obligations.

This Trade Policy Review presents an opportunity for our colleagues in the Russian Federation to build on developments Russia has made since the last TPR, to take decisive steps to strengthen its trade policy regime in the areas highlighted through this process by the UK and other Members, and to show that Russia is living by values of free and fair trade – not just in word but also in deed

To conclude, I would like to thank the Russian Federation for their engagement with this trade policy review, and for their attention to our comments. We look forward to receiving Russia's responses to our questions, and to working together in line with the words of the Director General in the

Economist today: we have to work together to reform the WTO, we have to make it work better for people everywhere. Thank you Chair.