

THE CONSEQUENCES OF RUSSIA'S ACCESSION TO WTO: CONCLUSIONS AND RECOMMENDATIONS

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Abstract

Actions of the Russian Government should include measures aimed at quick and painless restructuring of the competitive sectors of the Russian economy, and measures that can enhance the positive impact of membership in the world trade organization for joining WTO has brought the country to the maximum benefit at minimum losses. The main positive effect Russia's accession to the world trade organization, you can call the General competitiveness of the economy, but in order for these changes to really influence the situation will take time. In the article the analysis of the situation faced by the industry and enterprises working in the WTO. There are recommendations for authorities. Participation in the WTO should pass with minimal losses for the Russian economy. Recommendations are aimed at reduction of costs and preferential development of competitive industries and enterprises, and to redirect those which cannot be competitive within the existing international division of labour.

Keywords: WTO accession, the Russian economy, the socio-economic consequences, exports, imports, small business support

After 18 years, Russia has become the member of the WTO as a developed country, which implies the absence of any preferences. The legislative analysis showed that Russia liquidated legal gaps in certain areas, has made amendments to the old laws, developed the new ones, thus bringing legislation in line with WTO rules. Commitments were made on special economic zones – reduction of import tariffs, fixed the export duties, abolished tariff quotas, except some agricultural commodities, supplied the agricultural support, made available market access services for the protection

of intellectual property rights, regulated investment, sanitary, phytosanitarian problems and others.

Analyzing the social and economic, as well political and legal consequences of membership on the federal level we came to the conclusion that the WTO accession was largely a political decision, as it increases the prestige of the country on the international area, allows to participate in the formation of international trade rules, using the WTO in national interest while resolving trade disputes, improves the business image of the country. The accession to the WTO was necessary for carrying out social and economic reforms, economic restructuring, the introduction of systematic business legislation compatible with international law and elimination of legal gaps.

Speaking about social and economic implications, it is worth noting that they are very difficult to predict, because of time lags reference of tariffs, confusing inter-branch relations, impact of government policies and other factors.

Among positive effects the following facts should be mentioned: 1) the welfare of the economy in the long run came to 0.96% per year;⁴⁰ 2) an increase in aggregate consumption is about 0.4%. (World Bank – to 3.3%)⁴¹; 3) foreign investment; 4) an increase in productivity and efficiency; 5) increase in the demand for skilled labor (real wage growth – 0.85%)⁴².

Among the negative factors are the following: 1) federal revenues reducing (decrease by an average of 5.5%, and 2) the general decline in production (less than 1%⁴³); 3) reduction of employment (each percent decline in production – loss of 0.2% of jobs); 4) deterioration of less skilled workers in the labor market (decline in real wages – 0.56%).

Uncertain social and economic impacts were classified as following: 1) hangings in GNP (Russian researchers 1-3% (Ernst and Young, NES), World Bank analysts 3-5%, some other studies suggest a decline in GNP (Research Center Carnegie analytical Center WTO-Inform)); 2) customers benefit due to falling of purchasing prices (up to 3%⁴⁴) is the goods importer may take the margin; 3) the growth of exports and imports may play a negative role in the short term and positive in the long term.

⁴⁰ Volchkova N., Turdyeva N. Russia and WTO/[web resource] CEFIR:[site]URL: www.cefir.ru/download.php?id=3182(date of apply): 3.03.2013).

⁴¹ Rutherford, T., D. Tarr, and O. Shepotylo Poverty Effects of Russia's WTO Accession: Modelling 'Real' Households and Endogenous Productivity Effects / World Bank Research, Washington, DC: World Bank, 2004

⁴² Secondary for Russia: Accession to WTO. Analysis Ernst and Young. RESH,2011

⁴³ National agricultural consequences of Russia's accession to WTO/ National Investment Council of RA of Science.-B.m.,2002

⁴⁴ Secondary for Russia: Accession to WTO. Analysis Ernst and Young. RESH,2011

When considering the impact of accession to the WTO on different sections of economy the following branches of economy gained:

1) export-oriented and discriminated – iron and steel industry (3.63% of the base year), non-ferrous metals industry (14.45%), chemical and petrochemical industry (2.05%), defense, coal Industry.;⁴⁵ 2) services (service price cutting, expansion of services, quality improvement, more orientation to the customer's demand, improvements of legal gaps).

The critical areas of economy still remain: non-competitive import-substituting industries: machine building (agricultural, automotive and equipment developing industry) (-2.77%), food and light industry (-4.35%, a percentage of the base year level), woodworking, pulp and paper production manufacturing of wood products (-6.74%), aviation industry, electronics, pharmaceuticals (0.5% -2%). 2) agriculture (the most vulnerable products: meat, meat products, dairy products with a long shelf life, rice, sugar, vegetables), which was previously the most protected tariff customs regulations.

Neutral effect accession will have the industries, which are not governed by the rules of the WTO (crude oil, gas and arms) and not previously discriminated industry or with minimal barriers (types of mineral raw materials and some chemical products), and services which before the accession had a high level penetration of foreign companies to the market (audit – consulting, accounting, brokerage) and the banking sector as the most controlled negotiations.

Having analyzed the WTO accession on regional level some adaptation actors have been revealed. It was also found that WTO membership would strengthen inter-regional, social and – economic differentiation.

The WTO accession will boost foreign trade, foreign investment, especially in the more developed and “open” regions with export sectors of the economy, the growing service sector and addressing corporate governance. The prevailing number of such regions are localized in the Urals, North- West, Central and Volga federal districts.

Underdevelopment, “closed” economies of the regions, the localization of the problematic areas, the concentration of single-industry towns are major risk factors for WTO accession. Most of the troubled regions are located in Siberia, North- Caucasian, Central and Volga federal districts.

The main positive effect from Russia's accession to the World Trade Organization, of course, can be called a general increase in the

⁴⁵ RF Ministry of Economic development: portal[web recourse].- URL:<http://www.economy.gov.ru>.(date of apply 02.04.2013)

competitiveness of our economy, though, to change the situation, we need time.

It is important continue to monitoring the commodity markets, to control the situation on the most sensitive for our people positions, especially in food supply.

Following the suggestion of entrepreneurial community, parliamentarians and experts the government is being realized the plan for adaptation of some sectors to work in the WTO.

Anyway, all obligations of Russia, the vast majority provide a transition period, and for some products up to 7 years. We should anticipate the membership effect on the activity of some companies, as it itself cannot make our goods competitive, more demanded on the foreign market.

It is important to use properly dispose the opportunities offered by the WTO membership, use the maximum allowed mechanisms, procedures, including the Dispute Settlement Body of the WTO. This body deals with complaints, but we must get ready to initiate appropriate negotiations.

The primary objective is to eliminate unjustified trade restrictions applied to Russia. In fact, these restrictions in some cases are still used in contradiction with the general rules of the World Trade Organization. Some of them directly affect the interests of our investors and exporters.

After the Russia's accession to the WTO the light industry quickly began to delaminate at profitable, export-oriented segments and rotting. Production of windbreakers and jackets have increased about twice, carpets and synthetic fabrics increased by 1.5 times, blankets and rugs – 18% linen – 6%. Exports of light industry in January- May increased by 8% to the corresponding period in 2012⁴⁶. Production of linen fabrics decreased by 15.5%, hosiery and warm jackets – 13%, knitwear – 6%.

Buyers and trade prefer high- quality imported products. The quality of raw materials – linen, wool, chemical fiber, raw hides and dyes is very low.

Due to the lack of investment, the equipment is being brought up to date by 3-5% per year. Its average age is 15-20 years old and more. Advanced technologies available on it.

In the timber industry decline in all segments is observed, except oriented domestic house building. Furniture manufacturing decreased by 11%. But the industry is experiencing an investment boom: investment in fixed assets in the wood increased by 1.7 times in the pulp and paper industry and furniture production – by 1.6 times⁴⁷.

⁴⁶ http://wto-inform.ru/news/vygody_ot_vstupleniya_v_vto_otpravlyat_rossiyu_v_nokaut/?sphrase_id=2671

⁴⁷ http://wto-inform.ru/news/vygody_ot_vstupleniya_v_vto_otpravlyat_rossiyu_v_nokaut/?sphrase_id=2671

Reorientation of the internal market is obvious: prices on exported products are reduced, while in the internal market experiences a little growing up.

The most unexpected turned up the results of the first year of the WTO for the steel industry. This industry is considered to be the main beneficiary of the full participation of Russia in the world trade.

Due to the recession in the Eurozone and the weakness of other markets the demand on steel products is falling substantially, as a result the Russian exports fell by more than 8%. More home producers experienced incredible strength pressure from foreign competitors on the internal market.

Decrease of production has reduced the demand on domestic steel importing of raw materials. But import of ferrous metals rose immediately by 30% (share of imports is already approaching 10% of our domestic production), steel pipe – quarter (import share – more than 10%). Thus, the importation of casings from China increased by 4540% or 46 times, tubing – three times, drill – twice. Even though steel prices in the domestic market fell by 13% for hire – 19% compared to the first half of 2012, imports confident thronging Russian manufacturers. This is a direct consequence of joining Russia the WTO.

Devaluation of the Russian ruble and the critical dependence on imports.

It is obvious that the Russian ruble will continue to become cheaper in relation to a freely convertible currency, called reserve currencies. Devaluation of ruble may be beneficial for many establishments, especially for the Ministry of Finance, which urgently required increasing the size of budget revenues from foreign trade, providing 55% of the federal budget.

Taking into account the multiplier effect, as well the metallurgy, fertilizer production, petroleum refining, forest industry and other export-oriented industries of low alteration benefit, exploiting natural resource rents, contribution of the commodity complex in the federal budget revenue comes to 70-75%. The more pressing question of devaluation is observed in terms economic crisis, the downturn in the industry, as well as reducing the size of the tax base and revenues from the Federal Tax Service.

It should be mentioned that during of the first half of 2013 a stagnation of industrial production: the Rosstat reported a zero growth rate of production. In the manufacturing sector the release of goods declined to 0.2%, while the production and distribution of electricity, gas and water supply decreased to 0.8%. Capital investment in fixed assets has shrunk to 0.7% and transport turnover in general and in particular in railway fell to 0.9, and 2.9%, correspondently. Loading of goods on railway fell almost to 3.5%. Export is declining to 3.8%. Imports are growing up to 4.4%. The rate of

growth in retail turnover has slowed from 7.4% in January-July 2012 to 3.8% in current year. The inflation accelerated from 4.1% to 7.1% in the same period.

In manufacturing, the size of profit decreased by 28.5%, in the extraction of raw materials – by 7.6%, in transport and communications – 17%, in wholesale and retail trade – 26.7%, in fishing – 31.3%, agriculture – 38.7%, and in the construction sector's net financial result has fallen by 50.9%.

Deep and rapid decline in profitable organizations (especially in intensive industries) is due to the significant competition with foreign producers because of Russia's accession to the WTO. The “mass flow to shadow” of small and medium business, the self-employed people also is a result of tax innovations and increase the burden of social security payments (for individual entrepreneurs almost doubled since the beginning of 2013.).

In such situation to create competitive advantages for home producers and increase profitability in the production complex, to make production intensive and investment active in the industry is simply impossible, especially in the framework imposed by the WTO.

Service sector

Upon accession to the WTO competition with foreign providers will encourage home producers to expand their services sector, to improve the quality, to reduce prices, to be more responsive to the customer' demand. It may become beneficial for consumers and will increase demand as a basis for further services. Adoption of WTO norms in this area will contribute to the elimination of legal gaps.

Despite the positive effects of the liberalization of service sector, there are threats of penetration of unscrupulous manufacturers into the internal market. The greatest concern is holding certain market niches by experienced foreign companies and flow of a highly skilled labor to other companies. The only exceptions are auditing – consulting and accounting services, where the five leading multinational companies hold 60% of the Russian market, as well as communication (over 40%).⁴⁸

Speaking about the financial services (banking, insurance, brokerage, etc.), they can be described as being at an early stage of development. According to the World Economic Forum, the level of financial sector development, Russia is rating the 127-th in the world. The effective

⁴⁸ Jensen, J., T. Rutherford, and D. Tarr The Impact of Liberalizing Barriers to Foreign Direct Investment in Services: The Case of Russian Accession to the World Trade Organization, *Review of Development Economics*, Vol. 11, No. 3.- 2007.- pp.482-506.

organization of labor in country's banks is four times as lower as in foreign banks, for example, in America.⁴⁹

In the context of accession to the WTO, consideration of the financial sector is important in terms of national economic security. As described above, Russia has maintained almost the existing range of financial services to join the WTO.

The insurance experts feel justified an expanding the number of market participants due to foreign insurance companies and possible improvement of services quality. Enhancing the role of foreign insuring companies can significantly reduce the cost of insurance services.⁵⁰ Similarly, we can say that the reinsurance is primarily beneficial to Russian financial companies.

Ministry of Economic Development Forecast for GDP growth in 2014

Russia's GDP growth in 2013, according to preliminary estimation of Rosstat was 1.3%, which was 1.4% below the last forecast of the authorities.

MED forecast for GDP growth for 2014 is 2.5%, in 2015 – 2.8%, in 2016 – 3.3%. Forecasts for 2014-2015 were impaired at the end of 2013 in view of stagnation in the Russian economy (with 2.8-3.2% and 3.1%, respectively).⁵¹

Investments in fundamental capital in Russia in January 2014 decreased to a seasonally adjusted 4.1% fall in industrial production in Russia in January 2014, taking into account the seasonal factor was estimated by the Ministry, 1.8% larger than the estimate of Rosstat.

Ministry of Economic Development expects output of the Russian economy out of stagnation in the II-III quarter of 2014.

Russia's integration into the international trading environment proposes a significant reduction in retail prices for agricultural products. Experts believe that poultry prices will be rather stable next few years, as the share of bird's imports falls below 10 percent. Moreover, no price fluctuations on the international market will not have a noticeable influence on the prices of Russian producers. In 2011, they increased its production by 11 percent and expect that in the coming years this trend will keep, despite the WTO⁵².

In addition, from abroad comes mainly frozen meat, which loses Russian cooled. The poultry producers rely on the fact that domestic

⁴⁹ Zemnitsky A.V. Estimation of expected consequences after Russia's accession to WTO for financial sector service//Journal of Economy HSE. V.5.№4 p.533-563,2001

⁵⁰ Fomenko T.A. No fear.Accession to WTO makes cheaper insurance.//”Rossiyskaya gazeta” № 5664 ,22 December,2011

⁵¹ <http://expert.ru/2014/02/21/ekonomika-v-bolote/>

⁵² <http://info.tatcenter.ru/article/110720/>

production will keep demand. Moreover, the possible expansion of markets through exports. While Russian poultry is bought from South-East Asia, but poultry producers, do not exclude that it may be in demand in Europe. However, for this it should be competitive. In addition, here emerges the main problem – about 30 percent of Russian poultry farms work on old equipment, and, so, about the same amount of goods will not be able to compete with products from abroad. But it is not because of poultry's quality that far exceeds the foreign analogues. Russian chicken legs need modern packaging and new freezing technologies. Additional equipment is required to increase production capacity.

As for the beef price in the Russian retail market, they continue their smooth growth. Investments in this area are insufficient today because of long payback periods (11-12 years). It is worth noticing that the world price of beef rose by 30-40 percent for last two -plus years/

Mr. Yushin admits that it is more difficult to predict pork situation. On the one hand, there are prerequisites for further increasing its own production, on the other hand – there is a sharp reduction in private farms, which account for about 40 percent of production, because of African swine fever aggravation. Serious risks, expert says, for future investment in pig farming is the reduction of duties on imports of pigs for slaughter from 40 to 5 percent, as well as the import of pork within the tariff quota from 15 percent to zero. However, such sharp reduction of duties does not necessarily lead to lower prices on the shelf. Thus when inadequate supply (if new capacity will not cover the shortfall in production) retail will be able to keep high prices.

The problem of recycling

The European Union has included Russia among the countries that hinder the development of European companies over its own market protection. It is stated in the annual report of the European Union on trade and investment barriers.

The main claims made by the European Commission to Russia concern utilization fee on cars that importers perceive as a new tax on foreign goods. It should be mentioned, that the technical barriers designed for the Customs Union with WTO rules do not correspond, and this, in turn, complicates European countries market access to the vehicle. EU urged Moscow to bring into conformity with WTO sanitary and phytosanitary measures (SPS), as well as to accelerate the implementation of the agreement on import timber⁵³.

⁵³ <http://www.forbes.ru/news/241865-evrosoyuz-vpervye-podast-isk-protiv-rossii-v-sud-vto>

The supreme legislative body of the EU, European Commission (EC), continues the campaign to combat recycling collection, applies to importers of cars in Russia. It was informed that the EC asked WTO to gather a group to settle the dispute about the legality of Russian tax on waste disposal.

The confrontation officially began July 9, 2013, when the EC filed a complaint with the WTO. In early September, the “peaceful” settlement of the issue was expired. The Commission has already held a formal consultation with the Russian side on this issue, and also raised this issue in the negotiations, but so far the actual actions, according to the European Union, was not accepted.

According to the EC, the non-proliferation norms for utilization fee collected in Russia, as well as imported from Kazakhstan and Belarus automobiles violates the basic principles of the WTO. They prohibit creation of more favorable competitive conditions for domestic production compared to imports.

The State Duma adopted amendments that are obliged to pay recycling fees not only importers of machines but also all manufacturers operating in Russia, both domestic and foreign. Despite this, the changes in Russian legislation does not automatically mean that the refusal of the Commission claims.

Recycling collection, introduced in Russia September 1, 2012, essentially, was to be compensation mechanism reduction of import duties on imported cars from 30 to 25% – this step the Russian authorities had to go after the country's accession to the WTO.

To pay a new fee is required for all manufacturers and importers of cars and trucks. Basic rate of charge for cars is 20 thousand rubles, and for trucks – 150 thousand rubles. Russian domestic and foreign companies operating in Russia that have been pledged to recycle own waste products are exempted from payment of duty. Among them are all major Russian automakers – “AvtoVAZ”, KamAZ, “GAZ Group” and Sollers.

Moscow and Moscow region after the accession of Russia to the WTO

CAGR commodity sectors of economy and industry in current prices from 2005 to 2010 was 18.9%. Thus, the maximum rates of growth of the most important industries: mining (85.8%), electricity, gas and water (22.8%). Basic investment projects in recent years are related to food industry and house building.

The largest industrial enterprises are concentrated in the food industry and mechanical engineering.

Negative impact of the WTO on refining, gas and petrochemical industry, mining is minimum due to low import content.

You can definitely expect some decline in production is (10-15%) due to industrial production reduction in the country.

General negative effect amounts 468 billion rubles including on significant industry – up to 136 billion rubles:

- meat and meat products – about 50%
- manufacturing of vegetable and animal fats – up to 134%
- manufacturing of dairy products – up to 18%
- production of beer – 25%
- beverage industry – up to 94%
- pharmaceutical products – 67%

Moscow region

Gross regional product (GRP) in 2010 amounted to 1797 billion rubles, while total production of commodity sectors of the economy and industry – 1587 billion. In output structure food processing, machinery, electricity, water and gas supply, oil refining, petrochemicals and chemical industry, wood and transport sectors are prevailing.⁵⁴

The region is developing actively. An annual rate of growth in industrial production and agriculture from 2005 to 2010 ranges up to 20%. Thus, the maximum rate of growth in the most important industries showed engineering (31%), wood and furniture manufacturing (25%), petroleum refining and petrochemicals (21%) industries. Major investment projects in recent years have been associated with the food industry, chemical industry, production of corrugated packaging and production of other non-metallic products.

In general, the negative consequences of joining the WTO constitute 15%, including direct loss of growth – 3% and missed opportunities – 12%. This will reduce up to 117,000 jobs.

We can definitely expect some decline in production volume (10-15%) due to a reduction in industrial production in the whole country. Cumulative negative effect amounts to 627 billion rubles, including significant industrial branches up to 523 billion rubles:

- meat and meat products – up to 20%
- heavy and power engineering, power equipment production – about 88%
- manufacturing of electrical and optical equipment – up to 45%
- pulp and paper industry; publishing and printing, up to 95%
- furniture – up to 114%

⁵⁴ <http://wto-inform.ru/map/>

Measures to be taken after accession the WTO

Analysis of the implications for the economy associated with the accession the WTO shows both the economic loss and the benefits. Economic losses associated primarily with partial liberalization of tariffs. At the same time, the liberalization of tariffs in some sectors leads to an increase in production volume. In addition, positive effects of joining the WTO are to improve access for Russian exporters to foreign markets and growth of direct investment in liberalized services sector.

To minimize losses first, it is necessary to form social policy directed to acceleration of labor movement from uncompetitive enterprises and industries to those sectors and regions that have potential growth. The most difficult problem is to implement to monocity enterprises, which are in the high-risk area. The main task for the government is to solve the problems related to the mono-towns.

To enhance the positive impact of Russia's WTO accession must not increase the potential of the Russian commodity exports by reducing barriers to exit domestic companies to foreign markets and export support measures that are not prohibited under the WTO. These measures include both the reduction of administrative burden on the export business and investment in export infrastructure. Equally, it is important to improve the business climate in the country. This will not only make the liberalized sectors of the economy more attractive to foreign direct investment but also to mitigate the negative consequences of the WTO.

Development of transport infrastructure will link the city with other regions of the country and make possible to develop foreign trading, focus on the natural advantages associated with the location of the city. For example, bordering cities can be used as a gate for export trade. Thus, China implements a variety of programs to create special economic zones, including the construction of cities on the border with Russia.

Incentives for major investments. Major business enterprises (both in industry and in the banking sector), operating within the state order of any kind, should be obliged to provide the purchase of goods and services from small and medium-sized businesses in troubled regions and cities. The use of such restrictions in the U.S. in favor of small business doing by the representatives of the American Indians, contributed to the growth of big business investment in distressed city. Reducing costs associated with obtaining access to the communal infrastructure it is also important to attract investors⁵⁵.

⁵⁵[http://www.ey.com/Publication/vwLUAssets/WTO-Russia-April-2012/\\$FILE/WTO-Russia-April-2012.pdf](http://www.ey.com/Publication/vwLUAssets/WTO-Russia-April-2012/$FILE/WTO-Russia-April-2012.pdf)

Financing the small and medium businesses. To create alliances between the state and regional banks stimulus should be created. Such measures are necessary to ensure that potential entrepreneurs could get a loan, including participation in the privatization of non-core assets. Special conditions should be applied to receive equipment leasing. Currently this practice is used in Russia, but its scale is not significant yet. Among the measures to encourage the creation of small business can be financing the rates of interest.

Public service employment activity in terms of economic crisis. Among the most important functions of regional employment services is the provision of public services, such as job search assistance, vocational guidance and training, retraining and advanced training of unemployed people. In case of deterioration in labor market the importance of this activity rises as the quality of services and efficiency of supply primarily depends on the speed of adaptation of workers to the changing economic conditions. At the same time, the load on the employment centers increases, when more and more people turn to them for help. In this situation, the question arises about the readiness of employment services to contribute effectively to the training and employment of citizens⁵⁶.

In general, it should be noted that the deliberate policy of the federal and regional authorities on adaptation of the Russian economy to the WTO membership would bring more advantages than disadvantages in long – term outlook.

The Chinese experience shows that membership in the WTO gives the opportunity to promote products to the world markets and at the same time gives the possibility to protect the internal market. Chinese experience of overcoming problems in agriculture, automotive industry, as well as modernization of the internal economy is of great importance for Russia.

To attract foreign investors, as it is obvious from the Chinese experience it is necessary to improve the business climate. This area should include reduction of administrative barriers, reform of the Russian judicial system, providing guarantees for the protection of property rights, the fight against corruption, infrastructure development and investment in modern vocational education system.

According to the Chinese experience, great potential for development is put into export promotion policy. Creation of conditions for overcoming the informational, licensing, customs, administrative and infrastructural barriers in the export business is necessary for Russia.

⁵⁶[http://www.ey.com/Publication/vwLUAssets/WTO-Russia-April-2012/\\$FILE/WTO-Russia-April-2012.pdf](http://www.ey.com/Publication/vwLUAssets/WTO-Russia-April-2012/$FILE/WTO-Russia-April-2012.pdf)

The terms and activities to minimize losses from the accession the WTO and the payoff to make maximum the following measures should be held:

- establishing consistent and clear state policy to promote a number of industries; formulate clear national goals, objectives and define means to achieve them.
- preparation and implementation of strategies for the development / modernization of industries, including public investment in capital-intensive production and infrastructure projects taking into account the country's obligations as a WTO member.
- preventive reform of sole enterprises and single-industry towns, which are not able to compete in new environment, to offset the negative social consequences.
- creating the state-funded commissions, chambers of commerce and legal services to the WTO to resolve disputes and promote domestic products.
- creation of the organization to participate in creation of rules and regulations of the WTO, meeting the interests of Russia.
- training of lawyers, economists, managers and support the formation of market related services in Russia.
- development of prospective technologies for prior sectors in the mode of co-financing the scientific and basic research.
- promote foreign technology without negative effects on the final product.
- removal of administrative barriers and corruption in supervising and regulating authorities.
- increase mobility and the creation of national labor exchanges and employment.
- providing a long-term loans of low rate for economy.
- increase investment in infrastructure and education.
- improve tax policy.
- organizing locomotive-enterprises in each of the sectors that will continue provide orders in small business forming industrial clusters in prospect.
- creation of institutions to promote small and medium enterprises to the foreign markets.
- to make clear export regulation for small and medium-sized enterprises.

Summing up the results of Russia's accession to the WTO, it is significant that the accession of Russia the WTO inflicted a serious impact upon the Russian economy.

In conclusion, we can say that the impact of WTO membership is dependent on the actions of the state and regional policy aimed to adaptation of the economy and regions. Nevertheless, the integration of Russia into the world economy is necessary for conduction of more intensive reconstruction to increase Russian economy.

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