

Russian Federation, the World Trade
Organization, and the Eurasian Customs Union
Tariff and Non-tariff Policy Challenges

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Abstract

This paper assesses issues relating to tariffs and nontariff measures (NTMs) in relation to Russia's World Trade Organization (WTO) and Eurasian Customs Union (ECU) commitments. The analysis finds that full implementation of Russia's WTO tariff schedule through 2020, would raise goods imports by about \$3.5 billion (1.1 percent) compared to 2012, with estimates of welfare gains to Russian consumers equal to approximately \$370 million. Russian exports to members of the ECU, primarily Kazakhstan, would increase by an estimated \$194 million,

measured against a 2008 baseline. The impact of NTMs in Russia and the ECU, though difficult to quantify, is potentially more important for the market than tariff changes, because of the significant divergence between the historical GOST standards and standards prevailing in most of Russia's trading partners. Formation of the ECU and its associated bodies in 2010 has tended to perpetuate regional methods of standard setting, and by extension NTM policies, that are closely aligned with older models.

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Russian Federation, the World Trade Organization, and the Eurasian Customs Union: Tariff and Non-tariff Policy Challenges

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1. Introduction¹

For the Russian Federation, the environment post-World Trade Organization (WTO) accession has created both challenges and opportunities. Under its Accession Protocol, Russia's trade-weighted average most-favored nation (MFN) tariff—including specific tariffs—is scheduled to drop substantially, from 7.8 percent in 2012 to 5.6 percent in 2020, and its nontariff measures (NTMs) will be subject to WTO disciplines, such as the SPS (Sanitary and Phytosanitary) and TBT (Technical Barriers to Trade) agreements. At the same time, since 2011, Russia has been active in the Eurasian Customs Union (ECU) with Kazakhstan and Belarus, which has removed most duties on Russian exports to the ECU but also extended the use of Russian NTMs, particularly technical regulations, to the other ECU countries.

Russia's WTO commitments and the ECU provisions are uniquely linked. The WTO commitments in effect become part of ECU regulation as the result of a 2011 agreement. The intertwined status of Russia and the ECU bodies is now a regular issue for WTO members engaging with Russia; some have expressed concerns about the transparency of the ECU and related bodies. In a post-WTO environment, Russia must therefore balance the policy challenges of pressures on import-competing industries with new opportunities to export to its neighbors and for Russian producers to enhance productivity by importing.

The parallel accession of Russia to the WTO in 2012 and the establishment of the ECU have had an impact on Russia's NTM policies. Russia's accession agreements before joining the WTO implied far-reaching reform of NTMs; particularly, regulations that apply to both imported and domestically produced goods. However, formation of the ECU and its associated bodies in 2010 has tended to perpetuate regional methods of standard setting, and by extension NTM policies that are closely aligned with older models. This process has created significant tensions related to Russia's NTM policies. Almost all goods imported into Russia are covered by some kind of NTM. In most of the 16 sections of the Harmonized System of tariff nomenclature, NTMs apply to over 90 percent of tariff lines and over 80 percent of imports. Such high coverage is not unusual for large economies with fully elaborated regulatory systems. However, Russia's use of such formalities as pre-shipment inspections is high by international standards, as is its use of price-control measures. SPS measures in Russia and the ECU extend well beyond agriculture to cover chemicals, plastics, leather, wood products, and textiles.

This paper assesses the effect of Russia's recent WTO and ECU commitments on import tariffs and nontariff measures (NTMs) on Russia's competitiveness and trade position.

Namely, we consider three issues jointly: (i) the impact of Russia's tariff concessions under its WTO accession on Russia's imports, (ii) the impact of imposing the ECU's common external tariff (CET) on Russia's exports to Kazakhstan and Belarus, and (iii) the impact of the Russian/ECU regime of non-tariff measures on Russia's competitiveness and trade position. These issues, particularly the first two, have not been considered jointly before.

¹ This paper is part of the research project on Trade and FDI Competitiveness Across Russia's Regions in the post-WTO Accession and Eurasian Customs Union Environment, prepared under the guidance of Birgit Hansl, who provided valuable comments throughout. We would like to thank the peer reviewers Ben Shepherd and Michele Ruta as well as Amir Fouad and Patrick Ibay for additional support.

The rest of this paper proceeds as follows. Section 2 presents our results on a) the impact of Russia's WTO commitments on Russian imports from WTO members, ECU members, other Commonwealth of Independent States (CIS) countries and beneficiaries of the ECU's Generalized System of Preferences (GSP) and b) the impact of the ECU CET on Russian exports to Belarus and Kazakhstan. Section 3 investigates the impact of the WTO membership and the establishment of the ECU on Russia's non-tariff measure (NTM) policies. Section 4 concludes.

2. How Does Russia's WTO Accession Protocol Affect the ECU?

Russia's accession to the WTO will benefit Russian market participants, consumers, and producers alike. Households will benefit from lower prices as import tariffs fall in line with Russia's WTO bindings. Firms importing intermediate goods and equipment also benefit from greater certainty that tariffs on their consignments should not rise above bound rates. Accession will also provide trade opportunities for other WTO members, especially countries that are not part of the Commonwealth of Independent States (CIS).² While introduction of the higher ECU Common External Tariff (CET) originally increased Russian exports to Kazakhstan and Belarus due to trade diversion, reduction in the CET, which is scheduled pursuant to Russia's WTO accession commitments, will cause these exports to moderate over time. The full impact will depend on the extent to which Russia's commitments affect products that Belarus and Kazakhstan import from Russia and the extent to which those commitments affect what CIS countries export to Russia.

The objective of this analysis was to assess the extent to which better market access for Russian exports through the ECU might be offset by competitive pressures in both its domestic market and its exports to ECU markets as the CET falls because of Russia's WTO commitments. The likely impact of Russia's WTO commitments on trade was therefore investigated, specifically trade with WTO members, ECU members, other CIS countries, and beneficiaries of the ECU's Generalized System of Preferences (GSP).³

The likely change in Russian trade was evaluated through a series of simulations organized in two parts:

- a) The first part assessed the expected change in Russian *imports* from (1) CIS countries, (2) GSP countries, and (3) WTO members through 2020 as a result of the WTO tariff bindings, and how that will affect the ECU's CET.
- b) The second part assessed the expected changes in Russian *exports* to ECU partners (Belarus and Kazakhstan) as a result of (4) implementing the original CET, and (5) the implied reductions in the CET because of Russia's WTO commitments. It also took into account the phase-out of product exclusions to the CET that Kazakhstan negotiated for 2010–19.

² In 1994, the CIS countries (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan, Turkmenistan, and Ukraine) agreed to create a free trade area (FTA), but the agreements were never signed. The 1994 agreement would have covered all the then 12 members (Georgia left the CIS in 2009) except Turkmenistan. However, in 2009, there was a new agreement to create the CIS FTA. In October 2011 the new FTA was signed by Armenia, Belarus, Kazakhstan, Moldova, Russia, Tajikistan, and Ukraine. To date, it has been ratified by Ukraine, Russia, Belarus, Moldova, and Armenia, which are the only countries where it is in force. Intra-CIS import value was \$12 billion in 2009, or about 43% of the total import value. Russia and Belarus accounted for more than three-quarters of total CIS imports.

³ Russia's GSP for developing and Least Developed Countries was implemented in 1992 as a part of an effort to expand their exports to Russia. It grants nonreciprocal tariff preferences on specified products from 147 beneficiary countries and territories (listed in Annex A). The ECU countries agreed to extend the GSP to the customs union in 2008. Imports from LDCs enjoy zero tariff rates.

In modeling the impact of the ECU adopting a CET that mirrors Russia's WTO commitments through 2020, it was assumed that those commitments would be fully implemented⁴; for example, if the current CET for a product is higher than Russia's bound commitment for any given year, the applied CET would fall to the lower bound rate. Conversely, if the current CET were below the bound rate, presumably there would be no change in the tariff.

The results suggest that full acceptance of Russia's WTO tariff bindings through 2020 would increase goods imports by about \$3.5 billion (1.1 percent of total imports), measured against a 2012 baseline. Lower prices for these imports as a result of tariff cuts in affected sectors would benefit Russian consumers by some \$371.39 million. The largest increases in import values are estimated for electrical and electronic equipment (\$592 million, 1.7 percent increase); pharmaceutical products (\$365 million, 2.7 percent); meats (\$248 million, 3.4 percent); plastics and plastic products (\$238 million, 2.1 percent); machinery (\$151 million, 0.3 percent); iron or steel products (\$139 million, 1.8 percent); aircraft (\$132 million, 3.8 percent); footwear (\$116 million, 2.7 percent); and cosmetics (\$112 million, 3.1 percent).

While these tariff cuts would benefit Russian consumers, the associated increase in imports would also put competitive pressures on Russian producers. The latter would be very modestly offset by increases in Russian exports to ECU members, primarily Kazakhstan. These increases would result from increases in Kazakhstan's import tariffs on imports from non-ECU sources once the CET is adopted, since there are many cases in which Russia's tariffs, the basis of the CET, are higher than Kazakhstan's pre-ECU tariffs. However, the effect would be temporary, because higher tariffs on non-ECU imports would eventually fall as a result of changes in the ECU tariff through 2020 that is implied by the fall in Russia's bound WTO tariffs.

It is estimated that increases in Russian exports to Kazakhstan and Belarus would be very low—just \$194 million—as a result of adopting the initial ECU CET (measured against a 2008 baseline). These effects will primarily be observed in the Kazakhstan market. The estimated increase in exports due to adoption of the CET would be less than 8 percent of the estimated increase in imports as the CET adapts to WTO tariff bindings through 2020. The estimated short-run effect is fairly consistent with the actual performance of Russia's exports in Kazakhstan's market over the period in question.⁵ The largest increases in Russian exports to the ECU in the short run would be motor vehicles and parts (\$56 million); electrical and electronic machinery (\$29 million); other machinery including computers (\$21 million); iron and steel products (\$19 million); and plastics and plastic products (\$9 million). As the CET declines as a result of Russia adopting WTO tariff bindings, by 2020, total Russian exports to the other two ECU countries are expected to decrease by \$211.84 million (0.6 percent). This would eliminate the temporary gains in Russian exports during the early years of the ECU. Russian exports to Kazakhstan and Belarus

⁴ There have been concerns that introducing compound tariffs into the CET, adding a specific duty to ad valorem rates, may exceed Russia's bound rates in products such as large-capacity refrigerators. The EU Market Access Database (MAD) also suggests that a total of 1,576 product lines have been "corrected" by Russia (abolished or introduced) relative to its 2007 tariff schedule, including tariff sub-codes (presumably national tariff lines below the HS-6 level). This could be characterized as "manipulation" to avoid implementing the tariff commitments. EU MAD also states that Russia's import duties on coated paper and cardboard in the Single Customs Tariff were three times higher than its WTO commitment (15 percent instead of 5 percent).

⁵ Kazakhstan's imports from Russia, as a share of its total imports, went up from 37.3 percent in 2007-08 to 42.2 percent in 2011-12. A portion of this increase is likely due to Kazakhstan's adoption of the CET after Kazakhstan joined the ECU in 2010.

would suffer the largest decreases in the same technology-intensive products that had gone up when sheltered by the artificial competitive advantage granted by the CET. Thus, this result mainly reflects the elimination of trade diversion as competitive pressures emerge from more efficient third-country suppliers of the goods for which the previous tariffs in ECU markets would drop; the tariffs Russian exporters face would be unchanged at zero.

The fact that Russia's trade outcomes depend much more on the WTO than on the ECU follows directly from Russia's geographic pattern of trade. Only 8 percent of Russia's exports are destined for Belarus and Kazakhstan (**Error! Reference source not found.**). Even if the ECU were to expand to all 12 CIS members, it would still account for just 14 percent of Russia's exports. Thus, Russia's ability to be competitive in the entire world market will always be more important than its ability to take advantage of opportunities afforded by the special circumstances of the ECU. When considering non-oil exports, the role of the CIS is somewhat more important. In total, 15 percent of Russia's non-oil exports are destined for Kazakhstan and Belarus, while the entire CIS absorbs 28 percent of Russia's non-oil exports (Figure 2).

Methodology, Data and Baseline

The analysis was based on the SMART model—a market access simulation package included in the World Integrated Trade Solution (WITS) software. As a partial equilibrium tool, SMART considers the effect of a given policy in the market that is directly affected and ignores what happens in other markets (see Annex B for a description of SMART). Consequently, to obtain simultaneous impacts of various policy reforms in different markets the estimations from each simulation must be summed up. Throughout the analysis, we decomposed trade effects into trade creation and trade diversion. Trade creation in SMART is defined as the direct increase in imports following a reduction of the tariff imposed on good i from country j . If the tariff is a preferential reduction then imports of good i from country j will increase due to the substitution away from imports of good i from countries that become relatively more expensive as a result of the preferential tariff. SMART defines this as the trade diversion effect.

To perform the simulations we used the Harmonized Commodity Description and Coding System (HS) product classification at the 6-digit level using bilateral import data from United Nations Commodity Trade Statistics Database (UN Comtrade) for Russia, Belarus, and Kazakhstan. Although Russia's bound tariff commitments are specified at the HS 10-digit level, averages are taken across HS 6-digit product groups. Whenever information on applied MFN tariff rates was missing at the 6-digit level,⁶ MFN rates based on the average of the HS 4-digit group to which 6-digit products belong were used as proxies for missing values. Information on the applied CET and Russia's schedule of accession commitments (tariff bindings) was taken from Shepotylo and Tarr (2012). Information on Russia's tariff preferences on imports from CIS countries and GSP beneficiaries was taken from the United Nations Conference on Trade and Development (UNCTAD) Trade Analysis and Information System (TRAINS).

The study makes use of two baselines. A baseline of 2012-20 is used for the analysis of Russia's tariff

⁶ This is the case in 3,047 partner-product flows representing 2.87 percent of total observations in a given year.

accession protocol to the WTO, representing the period during which the WTO commitments were phased in. These results reflect the impact of the tariffs as fully phased in by 2020, as if they were imposed on Russia's trade patterns in 2012. For the ECU, a baseline of 2008-12 is used, since the changes to tariffs in Kazakhstan and Belarus are phased in over 2010-2012. 2008 is chosen as the initial year instead of 2010 both because of availability of annual tariff data in Kazakhstan and Belarus and because 2008 represents a more normal set of conditions than 2010, which is immediately following the Great Recession of late 2008-09.⁷

2.2 Main Results

a) Assessment of the change in Russian imports from CIS and GSP countries and WTO members after Russia implements its WTO commitments and the effect on the ECU CET.

As a result of tariff cuts related to Russia's WTO Accession Protocol commitments, to be reached by 2020, the total value of Russia's imports compared to 2012 is projected to go up from \$314.8 billion to \$318.3 billion (a 1.1 percent increase), across all products and trading partners. This is a relatively small impact. Nevertheless, imports of nearly 60 percent of Russia's product lines are expected to rise. Welfare gains arise from a projected increase in consumer surplus of \$371.39 million (0.02 percent of Russia's GDP in 2012).⁸ This estimate of welfare gains appears relatively small. It is important to bear in mind that the estimate reflects only the static efficiency gains from removing the tariffs. They do not count dynamic gains, e.g. from technological spillovers associated with imported intermediate goods, nor do they take into account the effects of trade facilitation or other provisions of the ECU. Nor do they include inter-industry effects. For example, cheaper imports of intermediate goods may make exports of final goods more competitive on the world market.

Estimates of the gains of tariff liberalization on a static efficiency basis tend to be small in the literature, so the result presented here is not surprising. Nonetheless, the results of the model pertaining to relative effects on different sectors are likely to be robust to an approach that considered other sources of potential gains, and produced thereby larger estimates of aggregate welfare effects.

Analysis By Imported Product:

Trade-weighted average tariffs for all imported products are projected to drop by 2.2 percentage points (from 7.8 percent of the average duty to 5.6 percent) once Russia fully adopts its WTO tariff bindings. For products whose tariffs will go down, trade-weighted average tariffs are projected to decrease from an average of 11.4 percent to 6.9 percent.⁹ The 10 HS 2-digit chapters (products) predicted to see the largest increase in import values after the expected tariff cuts explain 63.3 percent of the total change in import value. The predicted change in imports corresponding to these products alone is an increase of \$2.2 billion (Table 1).

⁷ Readers wishing an estimate of the joint effect on Russian sectors of the WTO tariff cuts and the changes in the ECU tariff jointly may consider the estimates in percentage terms, when added, to constitute a very rough estimate of changes in Russian output, which leaves out general equilibrium (inter-industry) effects.

⁸ This static increase excludes any welfare gains for producers having access to cheaper intermediate inputs.

⁹ It is predicted that 2,447 products at the HS6-digit level of aggregation will face a tariff cut.

The 15 countries expected to see the largest increase in exports to Russia by 2020 together account for 91.6 percent of the total net change in import value, and 74.8 percent of the total rise in import value. Nine of these are European Union (EU) members; the top five are China, Germany, France, Italy, and Poland. Furthermore, the EU-27 as a whole would be responsible for nearly half the increase in Russian imports after 2020 (Table 2).

The 15 trading partners likely to experience the largest drops in their exports to Russia by 2020 account for a combined reduction in import value of \$0.79 billion (99.8 percent of total decreases in import value). Decreases in import values are highest among the CIS economies, especially Ukraine and the two ECU member countries, Belarus and Kazakhstan, whose preferences in the Russian market will erode after Russia's WTO accession commitments are reflected in the CET. Also adversely affected are four Least Developed Countries (LDCs) (Malawi, Mozambique, Ethiopia, and Tanzania), which in 2012, had duty-free access to the Russian market under its GSP (Table 3).

Analysis by product/country combinations:

Analyzing the change in Russian imports by main product/country combinations gives a clearer picture of which partners will become more relevant and which less (see Annex 3, Table 1). The main displaced import sources predicted are Belarus, losing out on 10 of the top 20 products, and Ukraine, losing out on 6. This is in line with expectations: these are geographically proximate countries with close commercial links with Russia, which were reinforced by the preferential treatment granted to CIS and ECU countries.

On the other hand, in 9 of the 20 most affected products China's exports to Russia are predicted to increase the most. In addition, several advanced economies are among those predicted to expand exports to Russia the most, including several EU countries, in the most technology-intensive categories (HS Chapters 85, 87, and 88). China again dominates in 4 of 7 nested HS 6-digit products. Summing up, the changes in Russian imports after the predicted change in the CET by 2020 because of Russia's WTO commitments are expected to bring about static gains from trade in the form of a trade creation effect that explains all the total increase in trade and an increase in consumer surplus of \$371.9 million. However, larger gains could come from dynamic effects brought about by heavier trade flows from advanced and other emerging countries.

b) Assessment of the expected change in Russian exports to Belarus and Kazakhstan as a result of implementing the original ECU common external tariff (CET) and the implied reductions in the CET due to Russia's WTO commitments.

To simulate the effect of the original ECU CET on Russia's exports to Belarus and Kazakhstan, the change in Russian export value is measured against a 2008 baseline of \$35.82 billion, of which 64.2 percent are destined to Belarus and 35.8 percent to Kazakhstan. Total Russian exports to the combined market are simulated to have increased by \$194 million in 2012 (0.5 percent) across all products and trading partners because of Belarus and Kazakhstan abandoning their MFN tariff and adopting the CET.¹⁰ Russia's exports of technology-intensive products such as motor vehicles and electrical machinery to the

¹⁰ Belarusian tariffs became closer to Russian than Kazakhstan's because of CET exceptions introduced by the latter.

ECU, top the list of products whose exports went up the most, reflecting a trade diversion effect from competitive external sources and toward Russia. The estimated increases are mainly the result of changes in tariffs charged to third countries targeting the Belarusian and Kazakh markets, since in 2008 tariffs imposed on Russian products were already zero in all chapters, and remained so throughout the period analyzed.

Russia's exports to Kazakhstan increased the most in value terms—equivalent to \$205.4 million—after the latter adopted the CET. This increase accounts for 1.6 percent of Kazakhstan's total imports from Russia relative to 2008. It is worth noting that the top five trading partners whose exports to Kazakhstan increase the most are all CIS members (Table 5). Meanwhile, the 15 countries—9 of them EU members—whose exports to Kazakhstan drop the most, due to trade diversion resulting from Kazakhstan's adoption of the CET, together account for 87.5 percent of total decreases in import values. Moreover, the EU-27 as a whole suffers 34.5 percent of the total decrease; the other six countries are China, the United States, Turkey, the United Arab Emirates, the Republic of Korea, and Japan (Table 6).

The outcome for Russian exports destined for Belarus is different: total Belarus imports from Russia are predicted to drop by net \$11.8 million (0.05 percent of Russian exports to Belarus in 2008). This is a result of tariff decreases for third countries after Belarus adopted the CET: trade formerly diverted to Russia because of the CIS Free Trade Area (FTA). Conversely, Belarusian imports from China are predicted to increase the most in value terms (\$7.28 million, about 0.5 percent of total imports from China in 2008). Among the top 15 trade partners whose exports to Belarus increase the most because of the CET, only Uzbekistan and Moldova are members of the CIS; six are EU countries (Table 7). At the same time, the 15 countries—7 of them EU members—that see the largest drop in exports to Belarus together account for 45.4 percent of the total decrease in Belarus import value (Table 8). Georgia is likely to see the largest drop: its exports to Belarus will go down by \$2.5 million (22 percent of its exports to Belarus in 2008).

Apart from the specific effects on Russian exports to the rest of the ECU to provide a context, it is worth looking at some general results for imports after Belarus and Kazakhstan adopted the CET.

For Kazakhstan, using tariff data for 2008 and 2012, the change in the total import value is measured against a 2008 baseline of \$35.4 billion, from which imports from all partners are simulated to have declined to \$34.6 billion (2.3 percent) as a result of adopting the CET (combined with Kazakhstan's negotiated exceptions to it). Welfare losses arose from a \$71.4 million decline in consumer surplus. As adoption of the CET replaced the MFN tariffs Kazakhstan had applied in 2008, it appears that there was a decrease in imports for 65.9 percent of Kazakhstan's product lines and an increase for 5.5 percent, with trade unchanged for 28.6 percent. For products affected by a tariff increase between 2008 and 2012, the trade-weighted average tariff increased by 6.0 percentage points from 3.8 to 9.7 percent. Ten of the top 20 products whose import values dropped are meats; 5 are vehicles for the transport of people; and 2 relate to pneumatics. Meanwhile, for products whose tariffs were reduced, trade-weighted average tariffs went down by 2.9 percentage points, from 6.5 to 3.6 percent. Five of the top 20 products whose import values went up are meats and other edible animal products and another 4 are types of furniture.

The simulated change in the total value of Belarus imports from all sources measured against a 2008 baseline amounts to \$38.0 billion, from which the country's total imports are simulated to have declined by just \$86.8 million (0.2 percent). A decrease in imports of 8.7 percent of product lines is accompanied by an increase in imports of 27.9 percent of product lines as a result of the CET. Meanwhile, trade in 55.1 percent of Belarus product lines is unchanged—mainly because the MFN tariffs previously applied were very similar to Russia's, upon which the CET was largely based.

Analysis by Product/Country Combinations:

Analyzing the changes in Belarus and Kazakhstan imports by main products affected offers insight into how introduction of the customs union affected Russian exports to both countries.

According to the simulation, Russia experienced the largest decrease in the export value of 19 of the top 20 products at HS 6-level that Belarus imports from all sources, which had actually grown when some of its import tariffs were reduced after adoption of the ECU CET. Among these products are trailers, engines, pipes and valves, air conditioners, medical appliances, sewing machines, and antibiotics, with Russian export declines ranging from 3 percent to over 20 percent of 2008 base values. Germany was the main beneficiary of lower import tariffs for these products, increasing its exports to Belarus, followed by China. Russia, of course, fares better with regard to the top 20 products for which Belarusian imports from all sources declined as a result of Belarus adopting the higher CET tariffs for certain products from other countries. For 14 of those 20 products, Russia is simulated to have experienced the largest increases in exports to Belarus. However, the magnitude of these higher exports is overshadowed in value terms by the steep decreases in Belarus imports as a result of trade diversion of the same products from Japan, Germany, the Netherlands, and others of the same products (see Annex 3, Tables 2a and 2b).

While the proportional decrease in Kazakhstan's total imports because of the CET adoption is estimated to have been 2.3 percent, analyzing the changes by main products affected clearly shows that Russia saw the largest export decreases in all the top 20 products for which imports from all sources expanded as a result of Kazakhstan adopting a lower CET for these products than the pre-existing tariff (Annex 3, Table 3), with exports of the most-affected products declining 1.3–11.3 percent. China is the main beneficiary of trade creation for these products; it has the largest increase in exports to Kazakhstan in 8 of the top 20 products that have the largest import value increases. Germany comes in second with the largest increase in 3, and the U.K. third with 2. For the top 20 products for which imports from all sources declined as a result of Kazakhstan adopting a higher CET, in most there is trade diversion in favor of Russia.

The projected change in Russia's exports to both Belarus and Kazakhstan after full implementation of its WTO commitments through 2020 is measured against a 2012 baseline of \$37.76 billion. The projection is based on 55 percent of the exports being destined for Belarus and 45 percent for Kazakhstan.

Total Russian exports to the two markets by 2020, are simulated to decrease by \$211.84 million (a 0.6 percent decrease). The exports to the ECU suffering the largest decreases are the same technology-intensive products whose exports had gone up when they were sheltered by the artificial competitive advantage granted by the originally higher CET preference. Thus, these results reflect mainly elimination of trade diversion as competitive pressures emerge from more efficient third-country suppliers of these

goods who see their previous tariffs in these markets drop, while tariffs for Russian exporters remain unchanged at zero.

Due to preference erosion, Russia is likely to experience the largest decrease in value terms in exports to Belarus, down by \$61.3 million, and Kazakhstan, by \$150.6 million. For 2012, this represents just 0.3 percent of Russia's exports to Belarus and about 1 percent of exports to Kazakhstan. This implies, for Russia, that the impact of its WTO commitments on Kazakhstan's applied MFN tariffs, though small, is greater than the phase out of Kazakhstan's CET exemptions. Russia, Georgia, Kazakhstan, and Azerbaijan account for the entire total decrease in import value across all trading partners and products for Belarus. As expected, three of these are CIS members; Georgia is a former member. Meanwhile, CIS members collectively account for most of the total decrease in import value across all trading partners and products, with Belarus, Ukraine, Kyrgyz Republic, and Uzbekistan joining Russia in rounding out the top five (Tables 10 and 11).

The 15 countries predicted to experience the largest increase in exports to both markets by 2020, jointly account for 92 percent of the total change in import value for Belarus, and for 78 percent of the total change in import value for Kazakhstan. In both cases, most of these countries are EU members. Furthermore, the EU-27 as a whole is predicted to account for 79 percent of the increase in Belarus's imports and 36 percent of the increase in Kazakhstan's imports after the reductions in the ECU CET necessitated by adoption of Russia's 2020 bound rates. The remaining economies predicted to witness an increase in their exports to both markets include China, Turkey, and Brazil for both, Hong Kong SAR, China and Serbia in the case of Belarus, and Korea, Rep. and Japan in the case of Kazakhstan (see Tables 12 and 13).

Apart from the specific effects of these changes in Russian exports to other ECU members, both countries will experience general increases in total import values and decreases in average tariffs, which are conducive to welfare gains in both Belarus and Kazakhstan.

In general terms, total Belarus import value measured against a 2012 baseline is projected to increase only very slightly, from \$31.7 billion to \$31.8 billion (0.3 percent) as a result of the tariff reductions anticipated by 2020. Welfare gains arise from a projected increase in consumer surplus of \$8 million. Higher imports are predicted for 38 percent of Belarus product lines. Trade-weighted average tariffs for all imported products are projected to decrease by 1.3 percentage points (from 4.9 to 3.6 percent) as a result of the new tariff bindings. For products affected, trade-weighted average tariffs are projected to go down by 3.4 percentage points, from 8.8 to 5.4 percent. After the reductions to the CET expected to take place by 2020, the 20 HS 6-level products predicted to show the largest increases in import values explain 36.7 percent of the total change in import value for Belarus. The predicted change in imports corresponding to these products alone is an increase of \$36.3 million (0.8 percent).

Total import value for Kazakhstan measured against the 2012 baseline is also projected to increase, from \$44.4 billion to \$44.6 billion (0.6 percent) across all products and trading partners as a result of the reductions in the CET expected to be achieved by 2020 and the phase-out of its negotiated exemptions to the CET. For example, imports of raw sugar (HS17011) to Kazakhstan for further processing is duty-free

through 2019. Kazakhstan also negotiated lower rates than the CET for a number of products for the transition period, 2010–14. They cover 406 tariff lines, among them pharmaceuticals and medical equipment, rail cars, raw materials for the chemicals, light manufacturing and wood-processing industries, and apples and pears. Other tariff exemptions apply, for example, on goods for significant sport events, and motor vehicles and their parts. Welfare gains arise from a projected increase in consumer surplus of \$18 million. An increase in imports is predicted for 39.6 percent of Kazakhstan product lines.

Trade-weighted average tariffs across all products imported by Kazakhstan are projected to decrease by 1 percentage point (from 3.8 to 2.8 percent) as a result of the new tariffs. For those products, trade-weighted average tariffs are projected to decrease by 2.8 percentage points, from 7.4 to 4.6 percent.¹¹ After the expected changes to MFN tariffs, the 20 products likely to see the largest increase in import value explain 50 percent of the total change in import value for Kazakhstan. The predicted change in imports of these products alone constitutes an increase of \$120.8 million (0.3 percent). Some of these products (e.g., pharmaceuticals, goods vehicles) are of the type for which Kazakhstan negotiated transitory exemptions to the CET, which suggests that some of Russia's WTO commitments to lower the CET have been in Kazakhstan's interest.

Analysis by Product/Country Combinations:

While the proportional change in Russia's total exports to Belarus and Kazakhstan as a result of the expected changes to the CET is predicted to be small, analysis by the main products affected presents a different picture. Indeed, Russia experiences the largest trade decrease in 17 of the top 20 products predicted to expand the most for Belarus and in 14 of the top 20 for Kazakhstan. The Russian exports most affected are: pharmaceuticals, motor vehicles, parts for machinery and buildings, cell phones and telephone equipment, iron and steel, base metals, polyethylene and polypropylene, plastics, tires, aircraft, particle board, prefabricated buildings, furniture and footwear with predicted declines of 2 to 12 percent in exports to Belarus and 4.5 to 15 percent in exports to Kazakhstan (see Annex 3, Tables 4 and 5).¹²

In summary, Russia's imports are likely to increase modestly as a result of implementing its WTO tariff schedule, while Russia's exports to Belarus and Kazakhstan are expected to increase by a much smaller amount as a result of implementing the ECU tariff. Thus, the impact of non-tariff measures may loom large in the overall picture of how Russia's trade policy affects its trade and economic outcomes. Such measures are the topic of the next section.

3. Non-Tariff Issues with the WTP, the ECU, and Trading Partners

The parallel accession of Russia to the WTO and the establishment of the ECU have had an impact on Russia's non-tariff measure (NTM) policies. Russia's accession agreements before joining the WTO in August 2012 implied far-reaching reform of NTMs, particularly regulatory standards that apply to both imported and domestically produced goods. Meanwhile, formation in 2010 of the ECU and its associated bodies has tended to perpetuate in the region methods of standard setting, and by extension NTM policies

¹¹ Tariff cuts are predicted for 1,772 products at the HS 6-digit level of aggregation.

¹² Again, some of these products are in categories where Kazakhstan negotiated exemptions to the CET, which suggests that the impact of Russia's WTO commitments on the CET will be favorable to Kazakhstan.

that are closely aligned with older models. This process has created significant tensions with respect to Russia's NTM policies.

The WTO agreements have multiple provisions that relate to trade beyond tariffs. In particular, the family of General Agreement on Tariffs and Trade (GATT) 1994 agreements negotiated in the Uruguay Round, which established the WTO, covers such measures as trade-related investment policies (TRIMs), trade-related intellectual property policies (TRIPs), government procurement, and customs formalities. However, the largest number of trade frictions arises from regulatory measures applied to imports—namely, sanitary and phytosanitary standards (SPSs) and technical barriers to trade (TBTs). In a series of national surveys commissioned by UNCTAD, the share of trader complaints pertaining to SPS or TBT issues ranged from a low of 65% in India, Tunisia, and Uganda, to a high of 93% in Thailand (Basu et al 2012). SPS and TBT complaints also probably dominate matters taken up by WTO bodies.

Issues related to regulatory measures applied to imports are governed by the SPS and TBT Agreements of GATT 1994. These deal with the relationship between regulatory measures and trade in a parallel but somewhat different manner. Both require that national technical regulations

... shall be directed at legitimate objectives such as human health or safety; animal or plant life or health; national security requirements; the prevention of deceptive practices; or the environment; and shall not be applied in a manner which would constitute a disguised restriction on international trade or create unnecessary obstacles to trade.

TBT regulations “shall take into account available scientific and technical information” and SPS measures “shall be based on scientific principles and shall not be maintained without sufficient scientific evidence, when such evidence is available.”¹³ Each agreement refers to recognized international standards, which can be used as a basis for WTO-compliant regulations.

The agreements also provide for disputes about compliance to be referred to the Dispute Settlement Body (DSB) for consultation. The DSB has a multistage process for resolving issues. If a WTO member prevails in the DSB, it may withdraw some market access from a non-compliant member in equivalent value to the costs imposed by the non-compliance.

Russia made wide-ranging commitments in its WTO accession protocol, among them tariff cuts, commitments to liberalize services, fixing of export duties on mineral fuels and oils, elimination of quantitative restrictions on imports, and compliance with the full range of WTO agreements, including SPS, TBT, TRIMs, and TRIPs. Some of these commitments are to be phased in. For example, tariffs are to be reduced gradually through 2019. Some liberalization of services will also be phased in, e.g., limitations on foreign equity in telecoms companies (2015) and market access for foreign insurance companies (2021). Russia has already joined the Information Technology Agreement (as summarized in Blockmans, Kostanan, and Vorobiov, 2012)¹⁴ and is to join the Government Procurement Agreement by 2016.

¹³ Article 2 of the SPS and Article 2 of the TBT Agreements treat these issues in a parallel but somewhat different manner.

¹⁴ Russia joined the Information Technology Agreement, which removes tariffs on a wide variety of electronics and IT products, on September 13, 2013.

Commitments of Russia's WTO accession are to become part of ECU legislation, according to the Treaty on the Functioning of the Customs Union in the Framework of the Multilateral Trading System (November 2011). This treaty requires that ECU members that make commitments to the WTO inform other members of these commitments and coordinate the actions necessary for accession. Russia's WTO commitments also require that changes in ECU legislation have to be announced to the WTO before adoption, so that comments can be made to the appropriate ECU body (Blockmans et al., 2012). A practical effect of this arrangement is that the WTO accessions of Belarus and Kazakhstan, currently in progress, must also be coordinated with the ECU and with Russia, effectively giving Russia a seat at the table in those negotiations.

WTO members have expressed concerns about the transparency of the ECU and its associated bodies. The ECU, Eurasian Economic Commission (EEC), and other entities have not been notified to the WTO's Transparency Mechanism, although other regional trade agreements involving Russia and other members of the former Soviet Union have.¹⁵ Russia's accession working party expressed concern that WTO members did not have rights to consult with and provide views to ECU bodies to ensure compliance with WTO requirements.¹⁶ While Russian WTO representatives informed their counterparts that no measures preclude WTO members from providing comments directly to the EEC or other ECU bodies and that, in fact, such views were welcome,¹⁷ this issue is far from resolved.¹⁸ It is not clear, for example, that the requirement that Russia have an inquiry point for WTO members under the SPS or TBT agreements means there must be an effective inquiry point for ECU-related bodies dealing with the same issues.¹⁹ As a result, the intertwined status of Russia and the ECU bodies is a regular issue when Russia engages with other WTO members.²⁰

3.1 NTMs in Russia and the ECU

GOST standards and administration of NTMs

The system of GOST standards,²¹ which dates back to the Soviet era, is the current basis for product and process standards in the ECU and thus for NTMs on imported goods. The current version of the GOST standards is administered in the CIS by the Euro-Asian Council for Standardization, Metrology and Certification. Variations of the GOST standards have also been adopted at the national level, for example, GOST-R in Russia, GOST-K in Kazakhstan, RB in Belarus, and UkrSEPRO in Ukraine. These standards govern trade within the CIS, and thus within the ECU. Imports and exports in regional trade must satisfy GOST standards even as Russia's standards are meant to be transitioning to WTO standards that reflect

¹⁵ <http://rtais.wto.org/UI/PublicSearchByMemberResult.aspx?MemberCode=643&lang=1&redirect=1>

¹⁶ <http://docsonline.wto.org/imrd/directdoc.asp?DDFDocuments/t/WT/min11/2.doc>

¹⁷ <http://docsonline.wto.org/imrd/directdoc.asp?DDFDocuments/t/WT/min11/2.doc>

¹⁸ <http://www.ustr.gov/sites/default/files/USTR%202014%20Special%20301%20Report%20to%20Congress%20FINAL.pdf>

¹⁹ Ian Bond (2014) writes, "An increasing problem for the EU as it tries to address these issues is that Russia tells it to talk instead to the Customs Union of the Eurasian Economic Community. This (in theory at least) has competence in trade matters involving Russia, Kazakhstan, and Belarus. The EU has no formal relations with the customs union or with the Eurasian Economic Commission that is its main decision-making body."

²⁰ For example, a decision by the Eurasian Economic Commission (EEC) on antidumping duties of light commercial vehicles from Germany and Italy has led to a request for consultations by the European Commission with Russia, rather than with the EEC, which has no formal status in the WTO. See http://www.wto.org/english/news_e/news14_e/ds479rfc_21may14_e.htm.

²¹ The acronym GOST is derived from a Russian phrase meaning "state standard" (*gosudarstvennyy standart* in Romanized form).

international norms. National enforcement bodies implement NTMs based on the GOST standards. In Russia, these include Rosselkhoznador for veterinary and phytosanitary surveillance and Rospotrebnadzor for consumer protection and sanitary and epidemiological surveillance.

The philosophy behind the GOST standards and those of other countries diverge in important ways. GOST standards cover product characteristics, production techniques, and packaging for processed products, and are designed to ensure that the same goods produced by different firms are highly compatible and interchangeable. International standards set basic requirements for public safety and health but allow the private sector wide latitude to produce products differentiated by consumer taste. The private sector imposes product quality throughout the supply chain rather than the state imposing it by end-of-pipe inspection. It is argued that the detail, specificity, and rigidity of the GOST standards stifle innovation, allow little role for science-based risk assessment of safety and health issues, and create both compliance problems for firms and monitoring problems for government (World Bank, 2007).

The GOST standards may also pose a potential issue for Russian export competitiveness. Consumers in global value chains (GVCs) are likely to prefer goods produced to international standards, as are household consumers in high-income countries when they select sophisticated goods such as automobiles and cell phones. To the extent that the product characteristics specified by the GOST standards diverge from those expected in the broader international market, they are likely to lead to Russian products that are less able to satisfy global export demand.

Institutional inertia has made it difficult to modify the standards, particularly for the large volume of intra-CIS trade based on historical ties. However, Central and Eastern European countries that have joined the EU, such as Poland and Lithuania, as well as countries such as Vietnam and Laos, have shown that GOST standards can be replaced.²²

The efforts made in successful cases of reform are non-trivial. A complete overhaul of laws and regulations may take 5 to 10 years, working in close cooperation with expertise in the relevant areas of health and safety, and in international regulatory experience. Capacity building in risk assessment must be acquired, inspection and monitoring programs may need to be overhauled, testing facilities adjusted and staff trained. The budgetary costs of such a reform effort are non-trivial.²³

Line item profile of Russia and ECU NTMs

Almost all goods imported into Russia are covered by NTMs, including over 90 percent of tariff lines in 14 of the 16 sections of the Harmonized System (Table 14). For the other two sections (raw hides, skins, and leather, and wood products), NTMs cover at least 80 percent. Coverage of Russia's imports by value exceeds 80 percent in 12 of 16 HS sections. High NTM frequency and coverage ratios are not unusual for large economies with fully elaborated regulatory systems. Russia's coverage is comparable to that of China, the EU, and India, though higher than in many developing countries (Breaux, Cabral, Ferrantino and Signoret, 2014).

²² Ibid, pp. 39-42.

²³ Ibid, pp.xv-xvi.

Russia's use of pre-shipment inspections and other formalities is high by international standards, as is its use of price-control measures. As Figure 3 shows, the frequency ratio for pre-shipment inspections and other formalities²⁴ (UNCTAD category C) exceeds 90 percent for most product categories, as does the frequency of price-control measures, such as additional taxes and charges (UNCTAD category F). These measures are relatively uncommon for other countries—frequency ratios for pre-shipment inspections and other technical measures are typically under 20 percent in most countries, while frequency ratios for price control measures are typically under 10 percent.²⁵ The data may understate the use of other formalities—requirements to pass through specific ports for customs are reported to be numerous and burdensome²⁶ but do not appear in the UNCTAD data.

SPS measures in Russia and the ECU extend well beyond agriculture. It is customary for most countries to have SPS measures for the majority of agricultural imports (HS 01-24), but Russia also has SPS measures for many chemical products; plastic and rubber products; hides, skins, and leather; wood and wood products; and textiles (Figure 3), for which SPS measures are rare internationally—the EU profile is presented as a comparator. The appearance of SPS measures in some of these unusual categories is reflected elsewhere in the ECU, in particular Kazakhstan.

While there are some cases in which SPS measures may be appropriate in non-food sectors (e.g. for pests that may travel in wood products), it is not clear why Russian SPS measures have such a broad coverage. Since many of these measures are for products not intended for human consumption, and not usually subject to quarantine risk, there is the potential that some of these measures could lead to frictions with trading partners and may be vulnerable to WTO challenge.

The profile of Russia's technical barriers to trade is similar to that of the EU. As figure 4 shows, the frequency of Russia's TBT measures and the EU's are similar, reflecting a complex and elaborate regulatory system. TBT barriers are less likely to be seen in ECU member Kazakhstan as of 2012, although operation of the ECU should in theory cause these to be harmonized over time.

NTMs and Russia's trading partners

When NTMs weigh heavily on trade, traders and trading partners are likely to express their concerns. Exporters having difficulty doing business in Russia are likely to register complaints with their own governments, which in some cases will elevate these to public attention. Such concerns do not always mean that an NTM is having a significant economic effect, or that it creates a problem for the WTO or another legal arrangement. Nonetheless, the concerns of traders, whether or not shared by their governments, provide a valuable supplement to legal descriptions of NTMs in terms of where there might be an economic impact. Moreover, for every authentic case of an exporter having difficulty selling to Russia, there is likely to be a Russian importer having difficulty in buying whose activities and customers are similarly disadvantaged.

²⁴ These include direct consignment requirements, requirements to pass through specified port of customs, import-monitoring and surveillance measures, and other automatic licensing measures.

²⁵ Breaux et al (2014), op.cit.

²⁶ See below under Customs.

This section is derived from concerns reflected in reports of trading partners and from media reports. Similar information is collected in the WTO through committees and other mechanisms. As one of the world's 20 largest traders, Russia is scheduled to receive a WTO Trade Policy Review every four years, presumably no later than 2016, which will provide valuable information on Russia's NTMs and how they be affecting the country's trading partners.

3.2 Technical Barriers to Trade

It may take significant time and effort for Russia's TBT regulations to be brought into conformity with WTO and international standards. Russia has long required that imported goods obtain certificates of conformity with Russian technical regulations related to, e.g., textiles, leather and footwear, ceramics, pharmaceutical, chemicals, cosmetics, electronics, construction materials, and alcoholic beverages.²⁷ Since Russia's accession to the WTO August 2012, there has been continuing work to bring regulations into conformity with WTO requirements; such standards are also referenced in the WTO TBT Agreement. Since standards adopted by the EEC for imports into the ECU also become part of Russian regulations, they are subject to WTO disciplines.

Russia's notifications to the WTO's TBT Committee may not be complete.²⁸ Article 10 of the TBT Agreement requires that WTO members provide information about technical regulations, standards, and conformity assessment procedures and set up an enquiry point where WTO members and other interested parties, e.g., traders, can obtain information. In 2013, its first full year of membership, Russia notified 28 technical regulations to the WTO; there may be both Russian and ECU regulations that have not yet been notified. Mentioned as not yet notified have been registration requirements for alcohol products; amendments to the Federal Law on Circulation of Medicines, some pertaining to medical devices; and measures regarding Global Navigation Satellite System (GLONASS)-compatible²⁹ navigational systems in civil aircraft and revision of amendments to the EEC's food labeling regulations (USTR 2014 TBT Report).

The objectives of some Russian regulations may not be clear; others may be difficult to reconcile with scientific or technical information, or be more stringent than internationally recognized standards. Here are some examples:

The ECU introduced new labeling requirements for food products on July 1, 2013, mainly on nutritional components, allergens, and genetically engineered (GE) foods. They also require labels on products containing sweeteners, saying that overuse can cause digestive problems, and on products with food coloring, stating that food coloring affects a child's ability to concentrate.³⁰ These may go beyond the requirements of the Codex General Standard for Food Labeling, and it is not clear what scientific research they are based on. There appears to be some flexibility in applying these requirements, since the EEC

²⁷ http://madb.europa.eu/madb/barriers_details.htm?barrier_id=095224&version=5.

²⁸ The text of the TBT Agreement is at http://www.wto.org/english/docs_e/legal_e/17-tbt_e.htm.

²⁹ Global Navigation Satellite System (<https://www.glonass-iac.ru/en/index.php>).

³⁰ USTR 2014 TBT Report, p. 94.

noted that it would allow products in compliance with pre-2013 regulations to be marketed in the ECU until February 15, 2015.

Both Russia and the ECU have recently imposed new standards on alcoholic beverages in terms of labeling and warehousing requirements and conformity assessment procedures.³¹ For example, labels on all alcoholic beverages must have an expiration date or indicate that the expiry date is unlimited if the storage conditions are observed. Under the Codex products containing more than 10 percent alcohol do not expire and are explicitly exempt from such requirements. Proposed amendments to the ECU technical regulations require that whiskey be aged no less than three years. In similar areas, Russia has liberalized recently, in November 2012, removing mandated aging of rums. However, it is said that Russian importers of U.S. products often complain that their import applications are denied.³²

Safety standards for clothing, footwear, and other products destined for use by children may exceed international norms and constitute an impediment to trade.³³ The ECU adopted its Technical Regulation TR 007/2011 on Safety of Products Intended for Children and Adolescents before Russia's WTO accession. The regulation covers textiles, clothing, footwear, and other goods for children and adolescents, considering them as dangerous products that have a high risk for consumers. There are mandatory certification and labeling requirements and detailed requirements for documentation, all of which appear to exceed current international practices. EU exporters of such goods to Russia suggest that they are needlessly damaging to trade. For example, it is required that testing and conformity of such products be done exclusively in Russia. Another requirement is that the lining of children's shoes cannot be made of artificial or synthetic materials. In non-Russian markets, it is considered that such lining can provide extra quality, for example insuring the breathability of the shoe. It is unclear what scientific information would be used to justify the requirement of non-artificial linings.

3.3 Sanitary and Phytosanitary Standards

Harmonization of Russia's SPS standards with the WTO's is in process. As with TBT, SPS measures are now meant to be harmonized at the ECU level, a process that began in 2010, when the ECU was formed: The ECU agreements provide for SPS harmonization with Russia's WTO obligations. Accordingly, large trading partners such as those in the EU now inform potential exporters of ECU measures while negotiating memoranda of understanding with Russia.³⁴ The United States reports engagement with both Russian and ECU authorities on SPS issues (U.S. Trade Rep. 2014, p. 75).

Differences in national standards account for some of Russia's trade frictions in agriculture. While the SPS agreement imposes basic requirements on admissible measures, differences in how WTO members

³¹ Amendment No. 286-FZ (December 2012); Resolution #474 "On Submission of Notifications about the Beginning of Turnover of Alcoholic Products on the Territory of the Russian Federation" (entry into force October 1, 2013); revisions to the "Technical Regulation on Alcohol Product Safety," and Regulation Order #59 on alcoholic beverages.

³² USTR 2014 TBT Report, op.cit., p. 95.

³³ European Commission Trade Market Access Database, http://madb.europa.eu/madb/barriers_details.htm?barrier_id=095224&version=5, downloaded June 27, 2014.

³⁴ http://ec.europa.eu/food/international/trade/sps_requirements_en.htm.

interpret the requirements give rise to significant variation. Russia's relatively restrictive stance on genetically modified organisms, animal feed additives, residues of veterinary drugs, and washing of chicken with chlorine to remove salmonella is generally consistent with SPS practice in the EU but less consistent with practice in such countries as Brazil or the United States.³⁵ This alone would account for some trade frictions. However, SPS issues affecting the large trade flows between Russia and the EU can arise on other grounds.

In a case receiving wide attention, Russia imposed bans on live pigs, pork, and pork products from the EU beginning in January 2014. The trade affected is significant. In 2013, Russia imported \$2.35 billion of pork and live swine, of which 56 percent (\$1.33 billion) came from the EU. As of April 21, 2014, Russian pork prices were among the highest in the world, reaching \$1.44/kg live weight compared to US 69 cents in Brazil, 76 cents in China, and 85 cents in Spain.³⁶ Russia is the largest market for EU exports of animal products (live animals, meat, and dairy) as well as for fruits and vegetables.

The bans followed the detection of four cases of African swine fever (ASF) in wild boars in Lithuania and Poland; however, the ban applies to live pigs, pork, and pork products from throughout the EU. There followed bans on live pigs from the U.S. on May 30, 2014, due to concerns over the spread of porcine epidemic diarrhea virus.³⁷ Russia is also considering banning imports of pork from Brazil and Canada over trace quantities of the growth stimulant ractopamine, which is banned in Russia. Imports of U.S. pork had previously been banned over ractopamine but were then readmitted. The authorities cite a variety of reasons to justify import restrictions.

On April 18, 2014, the EU requested WTO consultations with Russia over the import ban on live pigs, the first step in bringing a case before the DSB. One issue in the dispute involves "localization requirements," which refer to attempts by a country or customs territory (such as the EU) to impose measures—such as quarantines—for control of diseased animals on part of its territory and to have the rest of the territory certified as disease-free. Russia maintains that EU localization measures are not sufficient and that additional information is required, which the EU has not provided. The EU states that it has sought to provide relevant information and that measures which would ban pork from, e.g., Spain, because of SPS issues in Lithuania and Poland are not scientifically grounded. It further states that Russia does not appear to effectively control ASF on its own territory, citing nearly 1,000 cases of the same disease among Russian feral pigs (wild boar) and domesticated animals since 2007. On July 22, 2014, the DSB authorized a panel for the dispute, which has not yet been appointed.

Box 1. August 2014 Ban on Imported Food Commodities

Russia's extensive ban on imported food commodities, imposed on August 7, 2014, is unlikely to result in a WTO challenge in the near term. The ban covers imports from the EU, the U.S., Canada, Australia, and

³⁵ See <http://www.ustr.gov/sites/default/files/FINAL-2014-SPS-Report-Compiled.pdf>, pp. 75-79, for examples of SPS issues in U.S.-Russia trade. An example of such issues revolves around the requirement that CU officials (not Russian officials) perform establishment inspections in the United States to certify individual facilities as eligible for export.

³⁶ "Russia Hog Markets," <http://www.thepigsite.com/swinenews/36480/russia-hog-markets>, dated May 1, 2014.

³⁷ See <http://www.foodsafetynews.com/2014/06/virus-scare-causes-russia-to-suspend-u-s-pig-imports/>, dated June 3, 2014.

Norway of beef, pork, poultry, fish, sausages and meat products, vegetables, fruits and nuts, and milk and dairy products. The ban is to expire in one year. In ideal cases, the Dispute Resolution Mechanism with appeal requires about 15 months and in practice can take many years when the parties strongly disagree. Moreover, Russia has invoked national security concerns in connection with the ban, which is understood to be retaliation for economic sanctions imposed by the targeted parties as a result of the conflict in eastern Ukraine. The WTO agreements contain a broad exception for countries to determine what national security measures they apply to trade (GATT 1947, Article XXI (b)(iii)). Such claims have rarely been challenged, and there is little WTO jurisprudence on the contestability of national security measures.

Some of the products covered by the August 7 ban were already excluded by Russian SPS policy, most notably live pigs, pork, and pork products from the EU; these amounted to \$1.3 billion of Russian imports in 2013, compared to the entire \$9.6 billion of imports covered by the August 7 ban. The SPS and other Russian policies would presumably stay in place after the August 7 ban expires.

3.4 Other Concerns

Tariffs

The ECU introduced new compound tariffs, adding a minimum specific duty to ad valorem rates, in 2013 (United States Trade Representative (USTR) 2013: 3). These tariffs cover both agricultural and industrial products. Japan's Ministry of Economy of Trade and Industry (JETI) identified this as a priority issue in May 2014. One example that affects Japan has to do with large-capacity refrigerators. The WTO bound duties for these was 20 percent in 2013 and is scheduled to decline to 13.6 percent by September 2016. The applied rates read "20 percent, but not less than 0.24 euro per 1 liter" in August 2012 and "18.3 percent, but not less than 0.16 euro per 1 liter" in August 2013. JETI states that Japanese companies are overpaying duties, and that applied rates exceed bound rates for some 200 items, which includes cheese, pulp, and secondhand cars. The U.S. has also expressed concern that the compound tariffs may exceed Russia's WTO bound rates (USTR 2013:3).

In addition to compound tariffs, other concerns have been raised about Russia's compliance with its WTO tariff commitments. The EU Market Access Database (MAD) says that Russia has "corrected" (abolished or introduced) a total of 1,576 HS codes relative to its 2007 tariff schedule, including tariff sub-codes (presumably national tariff lines below the HS-6 level). The MAD characterizes this as "manipulation" to avoid implementing the tariff commitments. The MAD also states that Russia's import duties on coated paper and cardboard in the Single Customs Tariff were three times higher than committed (15 rather than 5 percent).³⁸

In July 2013, the EU requested WTO consultations regarding Russia's auto recycling fees. The EU argues that these fees apply only to imported vehicles and not to domestic or ECU vehicles, and thus undermine Russia's MFN obligations with respect to its tariff schedule, as well as raising TBT issues.³⁹

³⁸ http://madb.europa.eu/madb/barriers_details.htm?barrier_id=060014&version=17.

³⁹ http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds462_e.htm.

Customs

Customs clearance procedures in Russia have also been an issue. Some European exports may only pass through specific border crossings, and European traders claim these points of entry often change on short notice and without warning. Furthermore, documentary requirements are said to be often inconsistent, arbitrarily interpreted, and not in line with Russia law. This includes requiring a copy of the export declaration, a document that belongs to the customs authorities of the exporting country and is not required in modern customs practice. The EU is also monitoring border congestion, an area of concern for many years.⁴⁰

4. Conclusions

To summarize, the analysis finds that increases in Russia's imports due to Russia's WTO tariff concessions are likely to be modest, and increases in Russia's exports due to trade diversion caused by the common external tariff are likely to be much smaller. This is because ECU countries are only a small share of Russia's global market. Therefore, for most products and sectors, the impact of the WTO is likely to be much more significant than that of the ECU as far as tariffs go. The impact of NTMs in Russia and the ECU, though difficult to quantify, is potentially more important for the market than tariff changes, because of the significant divergence between the GOST standards and standards prevailing in most of Russia's trading partners.

On tariffs, this study has found that continued multilateral (WTO) tariff liberalization is of far greater importance to Russia than ECU policy. ECU countries receive a relatively small share of Russia's exports and therefore offer limited opportunities for trade diversion, which will be reversed eventually through multilateral tariff liberalization. Russia's exports to Kazakhstan and Belarus accounted for only 8 percent of its total exports in 2013. Even if the ECU were to expand to all 12 members of the Commonwealth of Independent States (CIS), it would still account for only 14 percent of Russia's total exports. Even when exports of mineral fuels are left out, Kazakhstan and Belarus only account for 15 percent of Russia's non-fuel exports, and the entire CIS only 28 percent. Thus, the success of Russia's exports depends primarily on how well they can compete in the larger and higher-income markets of the world as a whole.

The analysis finds that full implementation of Russia's WTO tariff schedule through 2020, would raise goods imports by about \$3.5 billion (1.1 percent) compared to 2012.⁴¹ The lower prices of these imports as a result of tariff cuts in many sectors would create benefits to Russian consumers equal to approximately \$370 million. The largest categories of estimated import increases would be electrical and electronic equipment (\$592 million, 2.7 percent); pharmaceutical products (\$365 million, 2.7 percent); meats (\$248 million, 3.4 percent); plastics and plastic products (\$238 million, 2.1 percent); machinery (\$151 million, 0.3 percent); iron and steel products (\$139 million, 1.8 percent); aircraft (\$132 million, 3.8 percent); footwear (\$116 million, 2.7 percent); and cosmetics and related products (\$112 million, 3.1 percent).

⁴⁰ http://madb.europa.eu/madb/barriers_details.htm?barrier_id=085156&version=5.

⁴¹ These estimates do not include inter-industry effects, dynamic effects of trade liberalization, or the effects of non-tariff provisions of the ECU.

Based on the above, the composition of imports is likely to shift toward consumer goods as a result of implementing the WTO tariff changes. Of those technologically sophisticated exports that may provide spillovers for economic growth, some would be likely to expand in proportional terms (e.g. electrical and electronic equipment) while others would contract in proportional terms (e.g. machinery).

While the tariff cuts would benefit Russian consumers, the increase in imports would create competitive pressure for Russian producers, though that would be very modestly offset by higher Russian exports to members of the ECU, primarily Kazakhstan. The latter are likely to come about because of higher tariffs in Kazakhstan as a result of adopting the ECU common external tariff (CET), since there are many cases in which Russia's tariffs, the basis of the ECU tariff, are higher than Kazakhstan's tariff was before the customs union.

In the short run, increases in Russian exports to the ECU would amount to an estimated \$194 million, measured against a 2008 baseline. The estimated increase in exports due to the ECU would be less than 8 percent of the increase due to WTO accession. In the short run, higher Russian exports to the ECU would mainly be motor vehicles and parts (\$56 million); electrical and electronic machinery (\$29 million); other machinery including computers (\$21 million); iron and steel products (\$19 million); and plastics and plastic products (\$9 million). In the long run, as the ECU CET declines to reflect Russia's WTO commitments, by 2020 total Russian exports to the combined market are estimated to drop by \$212 million, a 0.6 percent decrease. Exports to Kazakhstan and Belarus that would fall the most would basically correspond to the same technology-intensive products whose exports had previously increased when sheltered by the artificial comparative advantage granted by the ECU preference.

As tariffs decline for most goods, NTMs could well become more significant obstacles to deeper trade integration. There is therefore a solid case for Russia to streamline and update its technical regulations to match international best practices by ensuring that their use is limited only to ensuring that major policy objectives, such as public health, safety, and environmental protection are met. Standards that provide excessively detailed specifications of product characteristics and processes should be phased out, as should any standards that lack a firm scientific basis related to major policy objectives. Voluntary standards should be used in all other cases to govern other product attributes, such as quality, and should be set by private stakeholders. Aspects of products and production processes not tightly linked to major policy objectives may not need to be regulated at all. Private stakeholders may meet in national and international standards bodies when issues such as interoperability or agreement on a recognized set of product attributes arise. The emergence of international private technical standards in information and communications technology, in agro-food sectors, and in the International Organization for Standardization (ISO) process generally, provides illustrative examples (ISO, 2010).

Russia's current trade policies can cause a variety of frictions with its trading partners in terms of TBT, SPS, tariffs, and customs policies. It may take considerable time and effort before Russia's pre-WTO TBT and SPS regulations are brought into conformity with WTO and international standards. Some Russian regulations may have unclear objectives, be difficult to reconcile with current scientific or technical information, or be more stringent than international standards. Examples of products that have

given rise to frictions are alcoholic beverages; safety standards for clothing, footwear, and other products for children; and live pigs, pork, and pork products.

Russia's philosophy in setting standards differs from that of other countries in important ways, creating potential tensions with other WTO members. The system of GOST standards, which dates back to the Soviet era, is the current basis for product and process standards for ECU members, and thus for NTMs on imported goods. GOST standards cover product characteristics, production techniques, and for processed-products packaging, and are designed to ensure that the same goods produced by different firms are compatible and interchangeable. International standards focus on basic requirements for public safety and health while allowing the private sector wide latitude to produce products differentiated to respond to consumer tastes. The private sector imposes product quality throughout the supply chain, rather than the state imposing it by end-of-pipe inspection. It is argued that the detail, specificity, and rigidity of the GOST standards stifle innovation, allow little role for science-based risk assessment on safety and health issues, and create both compliance problems for firms and monitoring problems for government.

The GOST standards may also pose a potential issue for Russian export competitiveness. Consumers in global value chains (GVCs) are likely to prefer goods produced to international standards, as are household consumers in high-income countries when they select sophisticated goods such as automobiles and cell phones. To the extent that the product characteristics specified by the GOST standards diverge from those expected in the broader international market, they are likely to lead to Russian products that are less able to satisfy global export demand.

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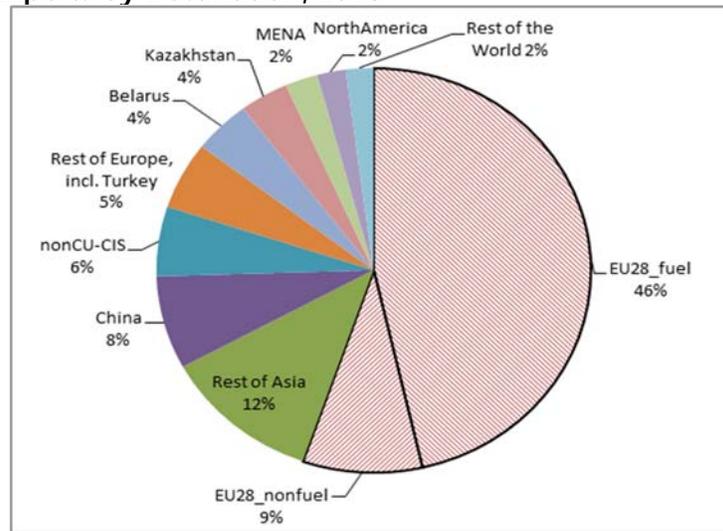
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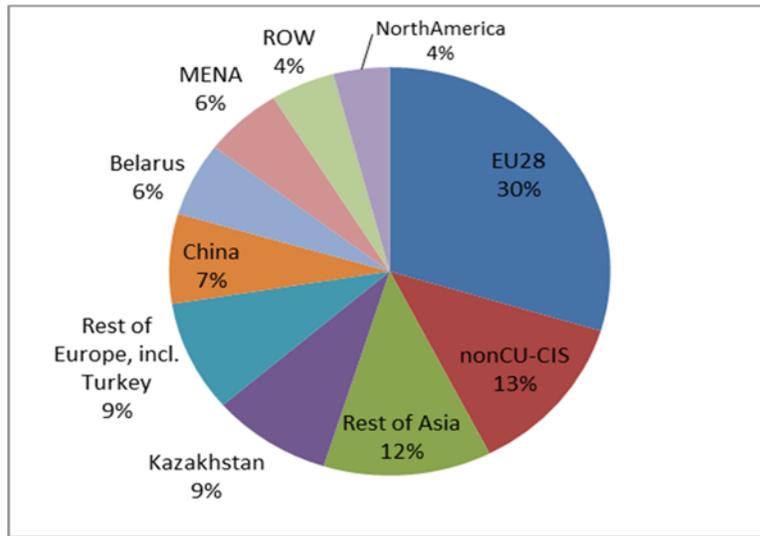
Figure 1. Russian Exports by Destination, 2013



Source: COMTRADE.

Notes: MENA = Middle East and North Africa, Non-CU CIS = members of the Commonwealth of Independent States, not in the Eurasian Customs Union.

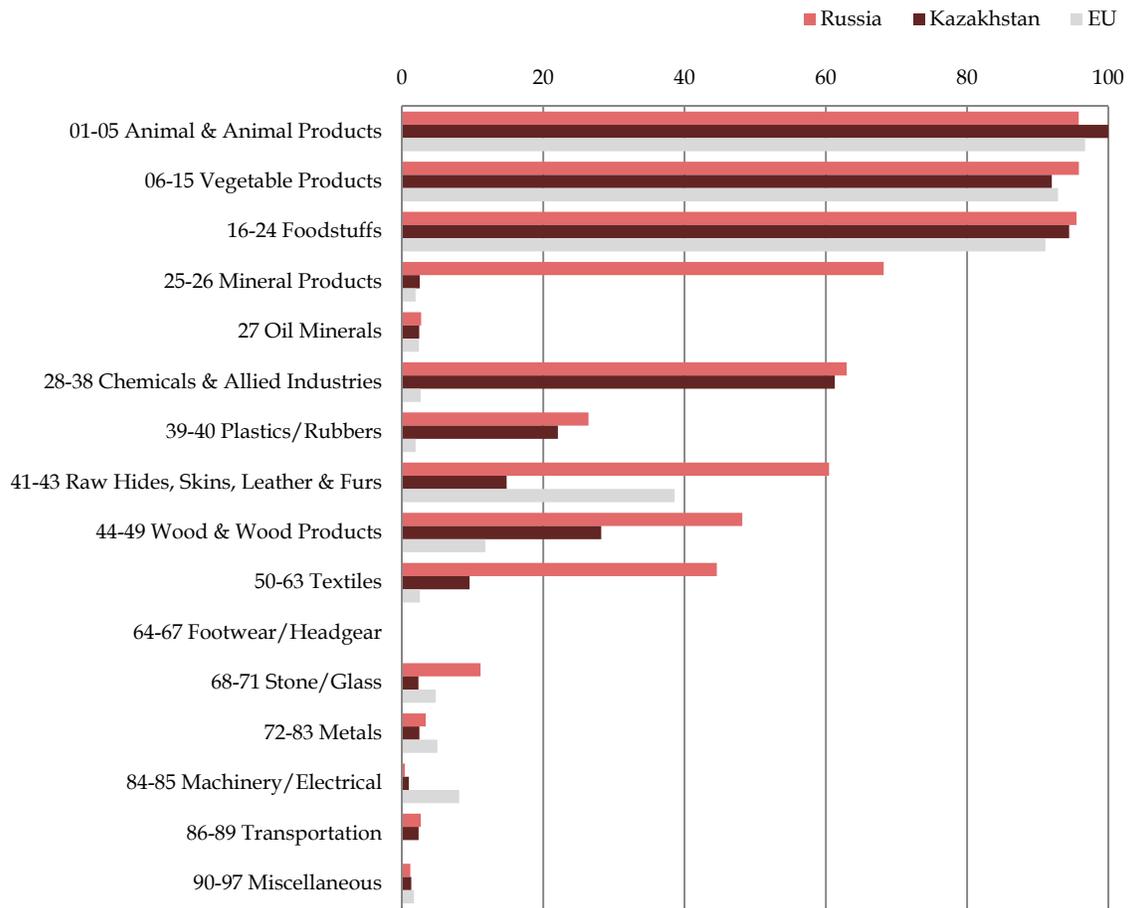
Figure 2. Russian Non-Oil Exports by Destination, 2013



Source: COMTRADE.

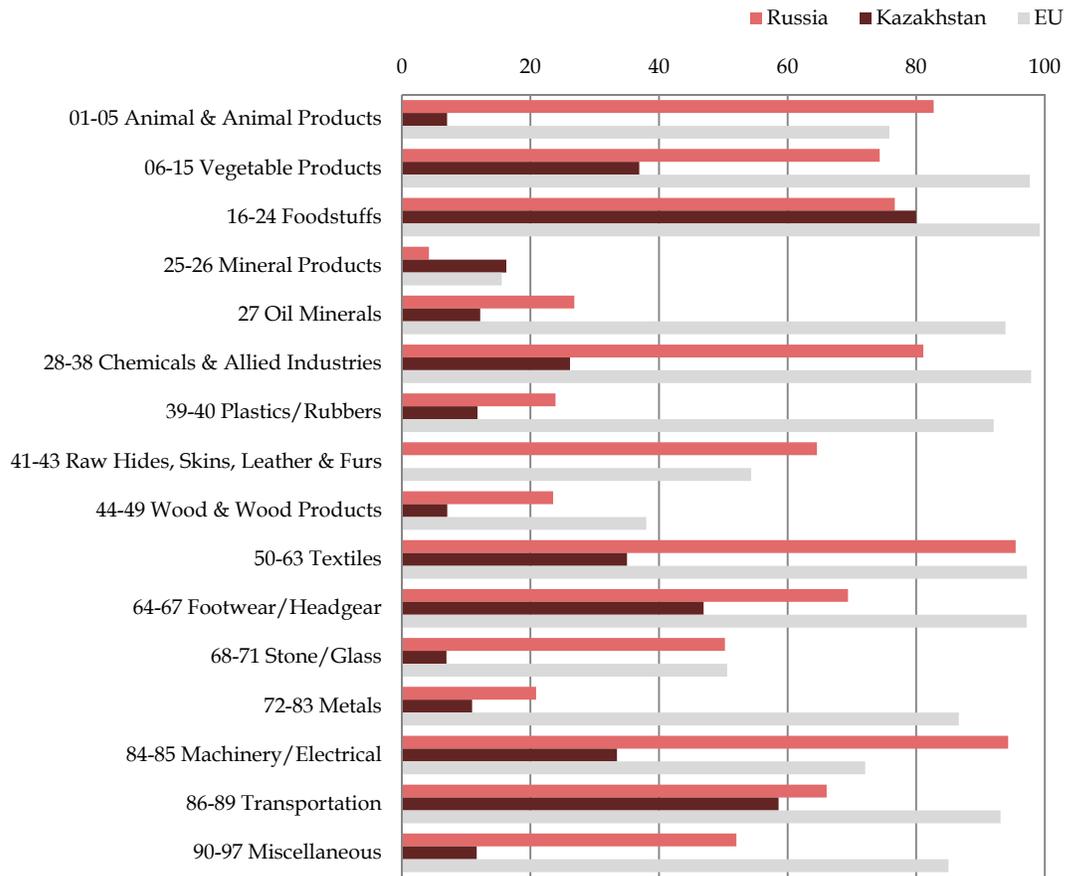
Notes: MENA = Middle East and North Africa; Non-CU CIS = members of the Commonwealth of Independent States, not in the Eurasian Customs Union. ROW = Rest of the World.

Figure 3. SPS Frequency



Source: UNCTAD.

Figure 4. TBT Frequency



Source: UNCTAD.

Table 1. Ten Largest Increases in Russian Imports by Product, HS2-digit Level, 2012–20

Product	Product description	Change in Import Value (US\$, millions)	Increase in Total Russian Imports, (Percent)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	592	1.7
30	Pharmaceutical products	365	2.7
2	Meat and edible meat offal	248	3.4
39	Plastics and articles thereof	238	2.1
84	Nuclear reactors, boilers, machinery and mechanical appliances, and parts thereof	151	0.3
94	Furniture; bedding, mattresses, mattress supports, cushions, and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	145	3.2
73	Articles of iron or steel	139	1.8
88	Aircraft, spacecraft, and parts thereof	132	3.8
64	Footwear, gaiters and the like; parts of such articles	116	2.7
33	Essential oils and resinoids; perfumery; cosmetic or toilet preparations	112	3.1

Source: World Bank.

Table 2. Trade Partners Predicted to See the Largest Increases in Exports to Russia, 2012-20

Partner	Change in Value of Russian Imports (US\$, millions)	Increase in Russian Imports from Partner, 2012 (Percent)	Increase in Import Value Explained by Increased imports from Partner (Percent)
EU-27	2,115.4	1.6	48.8
<i>Of which:</i>			
Germany	476.2	1.2	11.0
France	286.3	2.2	6.6
Italy	246.9	1.9	5.7
Poland	204.0	2.7	4.7
Netherlands	105.6	1.8	2.4
Spain	94.7	1.9	2.2
United Kingdom	85.0	1.0	2.0
Belgium	75.7	1.7	1.8
Hungary	62.8	2.0	1.5
China	1,000.1	1.9	23.1
United States	201.2	1.3	4.6
Turkey	116.4	1.7	2.7
Korea, Rep.	109.9	1.0	2.5
Canada	92.5	4.2	2.1
Japan	83.1	0.5	1.9

Source: World Bank.

Table 3. Trade Partners Predicted to See the Largest Decreases in Exports to Russia

Partner	Change in the Value of Russian Imports (US\$, millions)	Decrease in Total Russian Imports, 2012–20 (Percent)
Ukraine	-322.9	-1.8
Belarus	-283.8	-2.2
Kazakhstan	-105.3	-1.1
Moldova	-21.4	-4.5
Uzbekistan	-20.9	-1.5
Azerbaijan	-15.2	-2.8
Armenia	-7.0	-2.3
Kyrgyz Republic	-6.1	-3.2
Turkmenistan	-5.4	-2.9
Georgia	-3.0	-3.1
Malawi	-0.8	-1.1
Tajikistan	-0.6	-0.9
Mozambique	-0.5	-0.8
Ethiopia	-0.5	-2.3
Tanzania	-0.4	-0.8

Source: World Bank.

Table 4. Largest Increases in Russian Exports to Belarus and Kazakhstan by Product at the HS 2-digit Level, 2008–12

Product	Product description	Change in Value of Russian Exports (US\$, millions)	Change in Value of Russian Exports (Percent)
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	56	6.7
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	29	2.8
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	21	0.9
73	Articles of iron or steel	19	1.3
39	Plastics and articles thereof	8	1.1
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	7	3.7
30	Pharmaceutical products	6	6.3
44	Wood and articles of wood; wood charcoal	6	1.5
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	5	4.5
86	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electromechanical) traffic signaling equipment of all kinds	4	1.0

Source: World Bank.

Table 5. Exporters to Kazakhstan Likely to Gain the Most from Kazakhstan's Adoption of the CET

Partner	Change in Import Value (US\$, millions)	Percentage of Total 2008 Kazakh Imports from Partner
Russia	205.4	1.6
Belarus	15.2	4.2
Kyrgyz Republic	2.7	1.5
Azerbaijan	1.7	0.6
Armenia	0.1	3.9

Source: World Bank.

Table 6. Exporters Likely to Lose the Most from Kazakhstan's Adoption of the CET

Partner	Change in Import Value (US\$, millions)	Percentage in Total 2008 Kazakh Imports from Partner	Percentage drop in Kazakh Import Value Explained by Decrease in Imports from Partner
EU-27	-346.5	-4.3	-34.5
<i>Of which:</i>			
Germany	-103.5	-4.5	-10.3
France	-47.7	-6.5	-4.7
Italy	-30.5	-3.1	-3.0
Lithuania	-29.3	-10.9	-2.9
Poland	-23.2	-5.3	-2.3
Finland	-18.6	-3.3	-1.9
Austria	-14.0	-4.0	-1.4
Hungary	-13.3	-3.3	-1.3
Netherlands	-13.3	-2.7	-1.3
China	-439.3	-4.7	-43.7
United States	-48.6	-5.0	-4.8
Turkey	-40.5	-4.6	-4.0
United Arab Emirates	-23.4	-8.1	-2.3
Korea, Rep.	-20.8	-6.1	-2.1
Japan	-13.1	-6.9	-1.3

Source: World Bank.

Table 7. Trade Partners whose Exports to Belarus Are Likely to Rise the Most because of Belarus Adopting the CET

Partner	Change in Import Value (US\$, millions)	Percentage of Total 2008 Belarus Imports from Partner
EU-27	-45.4	-0.6
<i>Of which:</i>		
Poland	2.66	0.2
Finland	1.57	0.9
Italy	1.44	0.2
Lithuania	1.14	0.5
Austria	0.99	0.5
Latvia	0.69	0.5
China	7.28	0.5
Switzerland	1.47	0.6
Uzbekistan	1.38	4.6
Thailand	0.85	1.2
Indonesia	0.84	1.5
Malaysia	0.66	0.8
Taiwan, China	0.56	
Serbia	0.40	1.7
Moldova	0.36	0.4

Source: World Bank.

Table 8. Trade Partners whose Exports to Belarus Are Likely to Drop the Most Because of Belarus Adopting the CET

Partner	Change in Import Value (US\$, millions)	Percentage of Total 2008 Belarus Imports from Partner	Percentage of Total Decrease in Belarus Import Values Explained by Changes in Imports from Partner
EU-27	-45.4	-0.6	-19.7
<i>Of which:</i>			
Germany	-17.10	-0.6	-7.4
France	-15.95	-2.8	-6.9
Slovak Republic	-6.40	-3.6	-2.8
United Kingdom	-3.54	-1.3	-1.5
Netherlands	-2.87	-0.8	-1.3
Czech Republic	-2.07	-0.6	-0.9
Spain	-2.05	-1.0	-0.9
Japan	-21.95	-6.7	-9.5
Russia	-11.8	-0.1	-5.1
Brazil	-6.95	-4.5	-3.0
Korea, Rep.	-4.00	-2.1	-1.7
Ukraine	-3.51	-0.2	-1.5
Georgia	-2.51	-22.3	-1.1
Mexico	-1.98	-8.4	-0.9
United States	-1.96	-0.4	-0.9

Source: World Bank.

Table 9. Largest Decreases in Russian Exports to Belarus and Kazakhstan, by Product at the HS 2-digit Level, 2012–20

Product	Product description	Change in Value of Exports (US\$, millions)	Percentage Change in Value
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	-37	-2.7
73	Articles of iron or steel	-26	-1.8
39	Plastics and articles thereof	-23	-2.5
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	-16	-1.6
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	-14	-5.5
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	-13	-0.6
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	-11	-6.4
40	Rubber and articles thereof	-10	-1.7
30	Pharmaceutical products	-9	-5.8
44	Wood and articles of wood; wood charcoal	-8	-1.8

Source: World Bank.

Table 10. Trade Partners Likely to See the Largest Decreases in Exports to Belarus

Partner	Change in Import Value (US\$, millions)	Percentage of Total 2012 Belarus Imports from Partner
Russia	-61.3	-0.2
Georgia	-0.4	-1.1
Kazakhstan	-0.2	-0.1
Azerbaijan	-0.02	-0.1
Russia	-61.3	-0.2

Source: World Bank.

Table 11. Trade Partners Likely to See the Largest Decreases in Exports to Kazakhstan

Partner	Change in Import Value (US\$, millions)	Percentage of Total 2012 Kazakhstan Imports from Partner
Russia	-150.55	-0.9
Belarus	-15.98	-2.4
Ukraine	-14.54	-0.5
Kyrgyz Republic	-4.07	-1.2
Uzbekistan	-2.94	-0.4
Georgia	-1.08	-2.2
Moldova	-1.07	-2.6
Azerbaijan	-0.61	-1.5
Tajikistan	-0.07	-0.1
Macedonia, FYR	-0.06	-3.0
Mauritania	-0.03	-4.1
Tanzania	-0.02	-0.8
Mozambique	-0.02	-1.0
Armenia	-0.02	-0.6
Turkmenistan	-0.01	-0.0

Source: World Bank.

Table 12. Trade Partners Likely to See the Largest Increases in Exports to Belarus

Partner	Change in Import Value (US\$, millions)	Percentage of Total 2012 Belarus Imports from Partner	Percentage of Increase in Belarus Import Value Explained by Increase in Imports from Partner
EU-27*	127.1	1.4	79.1
<i>Of which:</i>			
Poland	40.1	3.0	24.9
Germany	30.5	1.1	19.0
Lithuania	20.1	5.4	12.5
Czech Republic	5.8	1.3	3.6
Netherlands	5.1	1.1	3.2
Belgium	4.1	1.3	2.6
Hungary	3.7	2.7	2.3
Latvia	3.5	2.4	2.2
France	3.0	0.7	1.9
Slovak Republic	2.4	1.8	1.5
China	16.4	0.7	10.2
Turkey	6.0	1.8	3.8
Hong Kong, China	2.3	164.8	1.4
Brazil	2.3	1.5	1.4
Serbia	1.9	2.6	1.2

*No data on trade with Belarus were available for Austria, Denmark, and Italy.

Source: World Bank.

Table 13. Trade Partners Likely to See the Largest Increases in Exports to Kazakhstan

Partner	Change in Import Value (US\$, millions)	Percentage of Total 2012 Kazakhstan Imports from partner	Percentage of Increase in Kazakhstan Import Value Explained by Increase in Imports from Partner
EU-27	173.02	2.3	73.5
<i>Of which:</i>			
Germany	44.76	2.0	19.0
Italy	29.39	3.1	12.5
Poland	16.43	3.5	7.0
France	15.39	2.6	6.5
United Kingdom	11.25	1.9	4.8
Netherlands	7.02	2.5	3.0
Republic	4.88	2.0	2.1
Sweden	4.62	1.8	2.0
China	140.99	1.9	59.9
United States	36.22	1.7	15.4
Turkey	21.87	2.8	9.3
Korea, Rep.	20.02	2.1	8.5
India	8.3	2.5	3.5
Brazil	7.04	2.4	3.0
Japan	6.18	0.7	2.6

Source: World Bank.

Table 14. NTM Frequency and Coverage Ratios for Russia, Percent

Sector	All NTMs		Sanitary and Phytosanitary Measures		Technical Barriers to Trade		Pre-shipment Inspection and other Formalities		Non-automatic Licensing, Quotas, Prohibitions, and Other Quantity Control Measures		Price-control Measures, Including Additional Taxes and Charges	
	Freq	Cov	Freq	Cov	Freq	Cov	Freq	Cov	Freq	Cov	Freq	Cov
01-05 Animal & Animal Products	95.8	95.1	95.8	95.1	82.7	90.2	95.8	95.1	95.8	95.1	95.8	95.1
06-15 Vegetable Products	96.5	92.9	95.8	92.9	74.3	84.0	96.5	92.9	14.1	8.2	96.5	92.9
16-24 Foodstuffs	95.5	97.0	95.5	97.0	76.7	86.6	95.5	97.0	14.0	33.4	95.5	97.0
25-26 Mineral Products	94.6	99.0	68.2	90.0	4.2	6.4	94.6	99.0	20.8	3.9	94.6	99.0
27 Oil Minerals	97.7	52.0	2.7	0.0	26.8	7.6	97.7	52.0	22.0	0.7	97.7	52.0
28-38 Chemicals & Allied Industries	96.3	97.0	63.0	74.6	81.1	88.7	96.3	97.0	75.7	76.8	96.3	97.0
39-40 Plastics / Rubbers	94.2	95.1	26.4	29.4	23.9	33.8	94.2	95.1	16.4	18.2	94.2	95.1
41-43 Raw Hides, Skins, Leather & Furs	80.2	94.6	60.5	33.7	64.6	89.3	80.2	94.6	49.4	2.0	80.2	94.6
44-49 Wood & Wood Products	88.1	65.1	48.2	23.1	23.5	41.0	88.1	65.1	8.1	7.6	88.1	65.1
50-63 Textiles	95.5	91.2	44.6	22.6	95.5	91.2	95.5	91.2	7.6	2.8	95.5	91.2
64-67 Footwear / Headgear	100.0	100.0	0.0	0.0	69.4	97.6	100.0	100.0	2.0	0.4	100.0	100.0
68-71 Stone / Glass	92.5	89.5	11.1	9.1	50.2	35.1	92.5	89.5	33.2	7.8	92.5	89.5
72-83 Metals	95.9	95.5	3.3	9.8	20.9	33.3	95.9	95.5	11.1	9.1	95.9	95.5
84-85 Machinery / Electrical	94.3	79.8	0.4	0.8	94.3	79.8	94.3	79.8	42.8	42.9	94.3	79.8
86-89 Transportation	98.5	98.7	2.7	2.0	66.1	83.6	98.5	98.7	11.0	0.0	98.5	98.7
90-97 Miscellaneous	96.0	90.4	1.2	0.3	52.0	69.4	96.0	90.4	12.1	9.1	96.0	90.4

Source: UNCTAD.

Note: "Freq" denotes the frequency ratio—the percentage of tariff lines covered by an NTM. "Cov" denotes the coverage ratio—the share of imports by value covered by NTMs. The most recent UNCTAD data for Russia are for 2009, compared with 2012 for Kazakhstan and the EU. Since country NTM profiles change slowly, and since countries are more likely to add NTMs than drop them, these data are likely to still be useful. Import data used for the coverage ratio represent mirror data averaged over 2008, 2009, and 2010, as reported by Russia's trading partners. Often there are multiple NTMs for the same product, even within categories (e.g., multiple SPS or TBT measures).

Annexes

ANNEX A: LIST OF DEVELOPING AND LEAST DEVELOPED COUNTRIES ELIGIBLE FOR THE ECU GENERALIZED SYSTEM OF PREFERENCES

Eligible Developing Countries

1. Albania	36. Fiji	71. Oman
2. Algeria	37. Gabon	72. Pakistan
3. Anguilla	38. Ghana	73. Panama
4. Antigua and Barbuda	39. Grenada	74. Papua New Guinea
5. Argentina	40. Guatemala	75. Paraguay
6. Aruba	41. Guyana	76. Philippines
7. Bahamas Islands	42. Honduras	77. Qatar
8. Bahrain	43. Hong Kong	78. Saint Lucia
9. Barbados	44. India	79. Saudi Arabia
10. Belize	45. Indonesia	80. Serbia
11. Bermuda Islands	46. Iran	81. Seychelles
12. Bolivia	47. Iraq	82. Singapore
13. Bosnia and Herzegovina	48. Jamaica	83. South Africa
14. Botswana	49. Jordan	84. South Korea
15. Brazil	50. Kenya	85. Sri Lanka
16. British Virgin Islands	51. Korea	86. St. Helena Island
17. Brunei	52. Kuwait	87. St. Kitts and Nevis
18. Cameroon	53. Lebanon	88. St. Vincent and the Grenadines
19. Cape Verde	54. Libya	89. Suriname
20. Cayman Islands	55. Macedonia	90. Swaziland
21. Chile	56. Malaysia	91. Syria
22. China	57. Marshall Islands	92. Thailand
23. Colombia	58. Mauritius	93. Tokelau
24. Congo	59. Mexican	94. Tonga
25. Cook Island	60. Micronesia FS	95. Trinidad and Tobago
26. Costa Rica	61. Mongolia	96. Tunisia
27. Côte d'Ivoire	62. Montenegro	97. Turkey
28. Croatia	63. Montserrat	98. Turks and Caicos Is.
29. Cuba	64. Morocco	99. United Arab Emirates
30. Dominica	65. Namibia	100. Uruguay
31. Dominican Republic	66. Nauru	101. Venezuela
32. Ecuador	67. Netherlands Antilles	102. Vietnam
33. Egypt	68. Nicaragua	103. Zimbabwe
34. El Salvador	69. Nigeria	
35. Feather	70. Niue	

Source: UNCTAD TRAINS Database.

Eligible Least Developed Countries (duty-free access)

1. Afghanistan	18. Haiti	35. Saô Tomé and Príncipe
2. Angola	19. Kiribati	36. Senegal
3. Bangladesh	20. Laos	37. Sierra Leone
4. Bhutan	21. Lesotho	38. Solomon Islands
5. Burkina Faso	22. Liberia	39. Somalia
6. Burundi	23. Madagascar	40. Sudan
7. Cambodia	24. Malawi	41. Tanzania
8. Central African Rep.	25. Maldives	42. Timor-Leste
9. Chad	26. Mali	43. Togo
10. Dem. Rep. of Congo	27. Mauritania	44. Tuvalu
11. Djibouti	28. Mozambique	45. Uganda
12. Equatorial Guinea	29. Myanmar	46. Union of Comoros
13. Eritrea	30. Nepal	47. Vanuatu
14. Ethiopia	31. Niger	48. Yemen
15. Gambia	32. Republic of Benin	49. Zambia
16. Guinea	33. Ruanda	
17. Guinea-Bissau	34. Samoa	

Source: UNCTAD TRAINS Database.

ANNEX B: SMART METHODOLOGY

SMART is a partial equilibrium modeling tool, which means that the analysis considers the effects of a given policy only in the market that is directly affected. The main advantage of the partial equilibrium approach is its minimal data requirements. The only data required to measure trade impacts are the trade policy (tariffs) and a few behavioral parameters, such as the import demand elasticity, elasticity of substitution, and supply elasticity.

SMART focuses on one importing market and its exporting partners. It assesses the impact of a tariff change by estimating new values for trade flows. SMART is set up so that, for a given good, different countries compete to export to a given market. The focus of the simulation exercise is on the composition and volume of that market's imports. Export supply of a given product by a given source country is assumed to be related to the price that it fetches in the importing market. The degree of responsiveness of the export supply to changes in the price is given by the export supply elasticity, which is assumed to be infinite (the price-taker assumption).

SMART relies on the Armington assumption to model the behavior of the consumer. In other words, there is imperfect substitution between different source countries.

SMART reports the results of a trade policy shock on trade flows (i.e., imports from different sources). It also decomposes those trade effects into trade creation and trade diversion.

ANNEX C: ADDITIONAL RESULTS

Table C1. Countries Likely to See the Largest Changes in Exports to Russia by 2020, Top 20 Products at HS 6-digit Level

Product	Product Description	Country with Largest Increase in	Country with Largest Decrease in	
		Import Value	Import Value	
300490	Other medicaments (excluding goods of heading 30.02, 30.05 or 30.06) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems) or in forms or packing	Germany	Belarus	
		Change in import value	55,190.00	-4,349.00
		Import value in 2008	1,648,226.00	45,261.51
		% Change in import value	3.35	-9.61
20329	Other meat of swine, fresh, chilled or frozen.	Canada	Ukraine	
		Change in import value	52514	-24,038.00
		Import value in 2008	463,481.50	84,870.66
		% Change in import value	11.33	-28.32
880240	Aeroplanes and other aircraft, of an unladen weight exceeding 15,000 kg	France	Armenia	
		Change in import value	90,777.00	-2,243.00
		Import value in 2008	2,279,367.00	19,895.42
		% Change in import value	3.98	-11.27
852990	Other parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28.	China	Ukraine	
		Change in import value	51,823.00	-349.00
		Import value in 2008	1,226,992.00	2,705.90
		% Change in import value	4.22	-12.90
851712	Telephones for cellular networks or for other wireless networks	China	Belarus	
		Change in import value	49,056.00	0.00
		Import value in 2008	2,019,985.00	0.78
		% Change in import value	2.43	0.00
401110	Of a kind used on motor cars (including station wagons and racing cars)	Japan	Belarus	
		Change in import value	23,391.00	-5,026.00
		Import value in 2008	415,781.70	35,402.20
		% Change in import value	5.63	-14.20
392690	Other articles of plastics and articles of other materials of headings 39.01 to 39.14.	China	Ukraine	
		Change in import value	14,368.00	-1,815.00
		Import value in 2008	259,128.40	11,908.32
		% Change in import value	5.54	-15.24
80810	Apples	Poland	Moldova	
		Change in import value	31,895.00	-10,049.00
		Import value in 2008	327,693.30	53,545.63
		% Change in import value	9.73	-18.77
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	China	Ukraine	
		Change in import value	21,347.00	-239.00
		Import value in 2008	870,744.40	3,281.00
		% Change in import value	2.45	-7.28
640299	Other footwear with outer soles and uppers of rubber or plastics.	China	Ukraine	
		Change in import value	37,374.00	-215.00
		Import value in 2008	704,225.50	1,371.55
		% Change in import value	5.31	-15.68

(continued on next page)

Product	Product Description	Country with Largest Increase in Import Value		Country with Largest Decrease in Import Value	
940360	Other wooden furniture	China	Belarus		
		Change in import value	13,438.00		-8,608.00
		Import value in 2008	146,248.60		52,662.09
		% Change in import value	9.19		-16.35
850440	Static converters	China	Kazakhstan		
		Change in import value	19,528.00		-19,893.00
		Import value in 2008	303,136.60		221,749.70
		% Change in import value	6.44		-8.97
80830	Pears	Belgium	Belarus		
		Change in import value	10,153.00		0.00
		Import value in 2008	141,622.10		2,498.54
		% Change in import value	7.17		0.00
950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds.	China	Belarus		
		Change in import value	29,929.00		-4,023.00
		Import value in 2008	934,350.90		55,951.01
		% Change in import value	3.20		-7.19
330499	Other beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations.	France	Belarus		
		Change in import value	9,893.00		-1,838.00
		Import value in 2008	224,295.10		16,040.97
		% Change in import value	4.41		-11.46
852872	Other color monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus.	Hungary	Belarus		
		Change in import value	10,785.00		-19,890.00
		Import value in 2008	99,757.77		144,956.50
		% Change in import value	10.81		-13.72
870120	Road tractors for semi-trailers	Netherlands	Belarus		
		Change in import value	10,945.00		-3,463.00
		Import value in 2008	716,175.40		94,106.72
		% Change in import value	1.53		-3.68
330300	Perfumes and toilet waters.	France	Belarus		
		Change in import value	18,613.00		-5,530.00
		Import value in 2008	378,971.80		50,324.80
		% Change in import value	4.91		-10.99
640291	Other footwear with outer soles and uppers of rubber or plastics, covering the ankle.	China	Kazakhstan		
		Change in import value	22,574.00		-986.00
		Import value in 2008	437,397.20		6,763.98
		% Change in import value	5.16		-14.58
730890	Other structures (excluding prefabricated buildings of heading 94.06) and parts of structures (for example, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frame-works, doors and windows and their frames and thresholds for doors	Germany	Ukraine		
		Change in import value	9,939.00		-8,397.00
		Import value in 2008	170,398.90		100,947.20
		% Change in import value	5.83		-8.32

Source: World Bank.

Table C2. Countries Likely to See the Largest Changes in Exports to Belarus, Top 20 Products for which Belarus Imports Increased Most as a Result of Adopting the ECU CET (HS-6)

Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value
871639	Trailers & semi-trailers for the transport of goods (excl. of 8716.10-8716.31)	3,653	Germany	Russian Federation
			Change in import value	4,090
			Import value in 2008	51,832
			% Change in import value	7.89
400122	Technically spec. natural rubber (TSNR)	1,773	Indonesia	N/A
			Change in import value	617
			Import value in 2008	25,440
			% Change in import value	2.43
840820	Compression-ignition internal combustion piston engines (diesel/semi-diesel engines) of a kind used for the propulsion of vehicles of Ch.87	1,641	Germany	Russian Federation
			Change in import value	1,911
			Import value in 2008	51,146
			% Change in import value	3.74
848180	Taps, cocks, valves & similar appliances for pipes/boiler shells/tanks/vats/the like, incl. thermostatically controlled valves, n.e.s. in 84.81	1,494	Germany	Russian Federation
			Change in import value	765
			Import value in 2008	18,009
			% Change in import value	4.25
830242	Mountings, fittings, & similar articles suit. for furniture, of base metal (excl. of 8302.10 & 8310.20)	1,147	Poland	Russian Federation
			Change in import value	516
			Import value in 2008	9,676
			% Change in import value	5.33
848120	Valves for oleohydraulic/pneumatic transmissions for pipes/boiler shells/tanks/vats/the like	1,076	Italy	Russian Federation
			Change in import value	612
			Import value in 2008	11,033
			% Change in import value	5.55
843290	Parts of the agricultural/horticultural/forestry machinery of 84.32	1,041	Germany	Russian Federation
			Change in import value	670
			Import value in 2008	25,852
			% Change in import value	2.59
841510	Window/wall type air-conditioning machines, self-contained/split-system, comprising a motor-driven fan & elements for changing the temp. & humidity, including those machines in which the humidity cannot be separately regulated	977	China	Russian Federation
			Change in import value	298
			Import value in 2008	4,430
			% Change in import value	6.73
901812	Ultrasonic scanning apparatus	857	United States	Russian Federation
			Change in import value	260
			Import value in 2008	10,500
			% Change in import value	2.48
390319	Polystyrene other than expansible, in primary forms	806	Belgium	Russian Federation
			Change in import value	963
			Import value in 2008	10,267
			% Change in import value	9.38
841221	Linear acting (cylinders) hydraulic power engines & motors	790	Germany	Russian Federation
			Change in import value	763
			Import value in 2008	7,435
			% Change in import value	10.26

(continued on next page)

Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value
848210	Ball bearings	786	China	Russian Federation
			Change in import value	955
			Import value in 2008	16,799
			% Change in import value	5.68
901890	Instruments & appliances used in medical/surgical/veterinary sciences, incl. other electro-medical apparatus & sight-testing instr., n.e.s. in 90.18	724	Germany	Russian Federation
			Change in import value	288
			Import value in 2008	22,691
			% Change in import value	1.27
830210	Hinges of base metal	714	Germany	Russian Federation
			Change in import value	207
			Import value in 2008	2,849
			% Change in import value	7.27
300210	Antisera & other blood fractions & modified immunological products, whether/not obt. by means of biotechnological processes	695	United States	Russian Federation
			Change in import value	282
			Import value in 2008	8,705
			% Change in import value	3.24
640399	Other footwear without outer soles of leather, not covering the ankle.	661	China	Russian Federation / Ukraine
			Change in import value	708
			Import value in 2008	16,888
			% Change in import value	4.19
845229	Sewing machines (excl. h-hold. type; excl. book-sewing machines of 84.40), other than auto. units	654	Japan	Russian Federation
			Change in import value	271
			Import value in 2008	5,789
			% Change in import value	4.68
732690	Articles of iron/steel, n.e.s.	654	Germany	Russian Federation
			Change in import value	378
			Import value in 2008	20,899
			% Change in import value	1.81
850940	Food grinders & mixers; fruit/vegetable juice extractors, domestic, with self-contained electric motor	605	China	Russian Federation
			Change in import value	284
			Import value in 2008	5,624
			% Change in import value	5.05
294190	Antibiotics & their derivatives (excl. of 2941.10-2941.50); salts thereof	561	China	Russian Federation
			Change in import value	448
			Import value in 2008	11,363
			% Change in import value	3.94

Source: World Bank.

Table C3. Countries Likely to See the Largest Changes in Exports to Belarus, Top 20 Products for Which Belarus imports Declined Most as a Result of Adopting the ECU CET (HS 6)

Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value	
870323	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transport of persons, with spark-ignition internal combustion reciprocating piston engine, of a cylinder capacity >1500cc but not >3000cc	-46,129	Russian Federation	Japan	
			Change in import value	10,716	-17,603
			Import value in 2008	33,394	85,011
			% Change in import value	32.09	-20.71
870332	Vehicles principally designed for the transport of persons (excl. of 87.02 & 8703.10-8703.24), with C-I internal combustion piston engine (diesel/semi-diesel), of a cylinder capacity >1500cc but not >2500cc	-33,662	Russian Federation	Germany	
			Change in import value	201	-15,089
			Import value in 2008	795	139,991
			% Change in import value	25.29	-10.78
170111	Cane sugar, raw, in solid form, not containing added flavoring/coloring matter	-9,298	N/A	Brazil	
			Change in import value	-7,817	
			Import value in 2008	71,593	
			% Change in import value	-10.92	
870333	Vehicles principally designed for the transport of persons (excl. of 87.02 & 8703.10-8703.24), with C-I internal combustion piston engine (diesel/semi-diesel), of a cylinder capacity >2500cc	-7,294	Russian Federation	Slovak Republic	
			Change in import value	9	-2,375
			Import value in 2008	32	19,163
			% Change in import value	27.95	-12.39
870324	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transport of persons, with spark-ignition internal combustion reciprocating piston engine, of a cylinder capacity >3000cc	-7,088	N/A	Japan	
			Change in import value	-2,399	
			Import value in 2008	18,702	
			% Change in import value	-12.83	
870322	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transport of persons, with spark-ignition internal combustion reciprocating piston engine, of a cylinder capacity >1000cc but not >1500cc	-6,834	Uzbekistan	Japan	
			Change in import value	197	-1,162
			Import value in 2008	844	11,047
			% Change in import value	23.35	-10.52
852872	Other color reception apparatus for television, whether/not incorporating radio-broadcast receivers/sound/video recording/reproducing apparatus,	-3,623	Russian Federation	China	
			Change in import value	1,300	-1,146
			Import value in 2008	6,093	7,782
			% Change in import value	21.34	-14.73
20311	Carcasses/half-carcasses of swine, fresh/chilled	-2,918	N/A	Netherlands	
			Change in import value		-1,281
			Import value in 2008		20,602
			% Change in import value		-6.22
870120	Road tractors for semi-trailers (excl. of 87.09)	-2,803	Russian Federation	Netherlands	
			Change in import value	118	-915
			Import value in 2008	2,858	56,712
			% Change in import value	4.13	-1.61
852851	Other monitors, of a kind solely/principally used in an automatic data processing system of heading 84.71	-2,602	Russian Federation	China	
			Change in import value	7	-2,196
			Import value in 2008	54	42,944
			% Change in import value	12.94	-5.11
870421	Motor vehicles for the transport of goods (excl. of 8704.10), with C-I internal combustion piston engine (diesel/semi-diesel), g.v.w. not >5tonnes	-1,952	Russian Federation	Germany	
			Change in import value	159	-1,066
			Import value in 2008	2,066	32,944
			% Change in import value	7.70	-3.24

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Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value
392690	Articles of plastics & articles of other materials of headings 39.01 to 39.14, n.e.s. in Ch 39	-1,768	Russian Federation	Germany
			Change in import value	933
			Import value in 2008	14,930
			% Change in import value	6.25
841950	Heat exchange units, whether/not electrically heated	-1,527	Russian Federation	Italy
			Change in import value	1,674
			Import value in 2008	31,870
			% Change in import value	5.25
20321	Carcasses/half-carcasses of swine, frozen	-1,424	Russian Federation	Poland
			Change in import value	10
			Import value in 2008	84
			% Change in import value	11.93
870331	Vehicles principally designed for the transport of persons (excl. of 87.02 & 8703.10-8703.24), with C-I internal combustion piston engine (diesel/semi-diesel), of a cylinder capacity not >1500cc	-1,254	Russian Federation	Spain
			Change in import value	1
			Import value in 2008	6
			% Change in import value	15.87
210390	Sauces & preparations therefor, n.e.s.; mixed condiments & mixed seasonings, n.e.s.	-1,214	Russian Federation	Germany
			Change in import value	1,581
			Import value in 2008	19,653
			% Change in import value	8.04
20319	Meat of swine (excl. carcasses/half-carcasses/hams/shoulders & cuts thereof), fresh/chilled	-1,039	N/A	Netherlands
			Change in import value	-548
			Import value in 2008	7,800
			% Change in import value	-7.03
851762	Machines for the reception, conversion & transmission/regeneration of voice, images/other data, incl. switching & routing apparatus	-959	Russian Federation	China
			Change in import value	91
			Import value in 2008	2,669
			% Change in import value	3.41
20329	Meat of swine (excl. carcasses/half-carcasses/hams/shoulders & cuts thereof), frozen	-952	Russian Federation	Germany
			Change in import value	7
			Import value in 2008	160
			% Change in import value	4.36
300490	Medicaments (excluding goods of heading 30.02/30.05/30.06/3004.10-3004.50) consisting of mixed/unmixed products for therapeutic/prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems)/in forms/packi	-898	Ukraine	Germany
			Change in import value	149
			Import value in 2008	15,402
			% Change in import value	0.97

Source: World Bank.

Table C4. Countries Likely to See the Largest Changes in Exports to Kazakhstan, Top 20 products for which Kazakhstan's imports Increase the Most after Adoption of the ECU CET (with Negotiated Exceptions; HS-6 digit level)

Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value
830242	Mountings, fittings, & similar articles suit. for furniture, of base metal (excl. of 8302.10 & 8310.20).	1,540.90	China	Russian Federation
			Change in import value	1,485.26
			Import value in 2008	49,088.80
			% Change in import value	3.03
901580	Surveying/hydrographic/ oceanographic /hydrological /meteorological /geophysical instr. & appliances (excl. compasses), n.e.s. in 90.15.	959.12	China	Russian Federation
			Change in import value	360.45
			Import value in 2008	9,819.10
			% Change in import value	3.67
852872	Other color reception apparatus for television, whether/not incorporating radio-broadcast receivers/sound/video recording/reproducing apparatus.	707.51	China	Russian Federation
			Change in import value	285.03
			Import value in 2008	28,068.40
			% Change in import value	1.02
940171	Seats (excl. of 9401.10-9401.50 & 94.02), with metal frames, upholstered.	648.04	China	Russian Federation
			Change in import value	680.51
			Import value in 2008	22,813.31
			% Change in import value	2.98
640359	Footwear (excl. waterproof) with outer soles & uppers of leather, other than that covering the ankle (excl. of 6403.12-6403.51).	613.79	Italy	Russian Federation
			Change in import value	539.17
			Import value in 2008	32,534.60
			% Change in import value	1.66
848790	Machinery parts, not containing electrical connectors, insulators, coils, contacts/other electrical features, not specified/incl. elsewhere in this Ch., other than Ships/boats' propellers & blades therefor.	583.13	UK	Russian Federation
			Change in import value	479.68
			Import value in 2008	22,639.01
			% Change in import value	2.12
901590	Parts & accessories of the instr. & appliances of 90.15.	456.12	UK	Russian Federation
			Change in import value	216.11
			Import value in 2008	7,776.06
			% Change in import value	2.78
180690	Chocolate & other food preparations containing cocoa (excl. of 1806.20-1806.32).	425.00	Turkey	Russian Federation
			Change in import value	619.47
			Import value in 2008	6,692.58
			% Change in import value	9.26
220210	Waters, incl. mineral waters & aerated waters, containing added sugar/other sweetening matter/flavored.	383.11	Austria	Russian Federation
			Change in import value	545.30
			Import value in 2008	11,545.58
			% Change in import value	4.72
630533	Sacks & bags, of a kind used for the packing of goods, of polyethylene/polypropylene strip/the like.	346.32	China	Russian Federation
			Change in import value	380.81
			Import value in 2008	31,152.79
			% Change in import value	1.22

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Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value		Country with Largest Decrease in Import Value	
901920	Ozone therapy/oxygen therapy/aerosol therapy/artificial respiration/other therapeutic respiration apparatus.	266.20	Germany	Russian Federation		
			Change in import value		315.25	-208.68
			Import value in 2008		7,293.00	3,839.70
			% Change in import value		4.32	-5.43
830210	Hinges of base metal.	252.27	China	Russian Federation		
			Change in import value		173.31	-22.86
			Import value in 2008		5,504.48	269.73
			% Change in import value		3.15	-8.48
320910	Paints & varnishes (incl. enamels & lacquers) based on acrylic/vinyl polymers.	228.60	Germany	Russian Federation		
			Change in import value		173.83	-245.31
			Import value in 2008		2,186.00	4,497.97
			% Change in import value		7.95	-5.45
848420	Mechanical seals.	206.52	UK	Russian Federation		
			Change in import value		173.63	-107.26
			Import value in 2008		4,710.51	1,765.64
			% Change in import value		3.69	-6.07
210210	Active yeasts.	190.05	Turkey	Russian Federation		
			Change in import value		277.41	-142.95
			Import value in 2008		3,102.81	1,264.94
			% Change in import value		8.94	-11.30
180632	Chocolate & other food preparations containing cocoa, in blocks/slabs/bars, weighing 2kg/less, not filled.	188.21	Turkey	Russian Federation		
			Change in import value		623.54	-478.04
			Import value in 2008		3,782.29	15,515.80
			% Change in import value		16.49	-3.08
391723	Tubes, pipes, & hoses, rigid, of polymers of vinyl chloride.	186.60	China	Russian Federation		
			Change in import value		127.41	-27.38
			Import value in 2008		9,447.67	870.24
			% Change in import value		1.35	-3.15
800700	Other articles of tin.	177.96	China	Russian Federation		
			Change in import value		178.62	-0.96
			Import value in 2008		8,731.13	15.96
			% Change in import value		2.05	-5.99
180631	Chocolate & other food preparations containing cocoa, in blocks/slabs/bars, weighing 2kg/less, filled.	177.39	Germany	Russian Federation		
			Change in import value		576.50	-516.66
			Import value in 2008		3,509.00	41,083.14
			% Change in import value		16.43	-1.26
640399	Other footwear without outer soles of leather, not covering the ankle.	160.12	China	Russian Federation		
			Change in import value		81.80	-8.65
			Import value in 2008		16,228.41	667.85
			% Change in import value		0.50	-1.29

Source: World Bank.

Table C5. Countries Likely to See the Largest Changes in Exports to Kazakhstan, Top 20 Products for Which Kazakhstan's Imports Increase the Most as a Result of adoption of the ECU CET (with Negotiated Exceptions; HS 6-digit level)

Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value	
870323	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transport of persons, with spark-ignition internal combustion reciprocating piston engine, of a cylinder capacity >1500cc but not >3000cc.	-53,847.00	Russian Federation	Lithuania	
			Change in import value	18,731.41	-20,464.75
			Import value in 2008	53,195.54	75,484.20
			% Change in import value	35.21	-27.11
620329	Men's/boys' ensembles (excl. knitted/crocheted), of other textile materials, other than of synthetic fibres/cotton.	-46,006.19	Russian Federation	China	
			Change in import value	161.44	-45,447.94
			Import value in 2008	577.06	383,050.90
			% Change in import value	27.98	-11.86
730519	Line pipe of a kind used for oil/gas pipelines, having circular cross-sections, the external diameter of which exceeds 406.4mm (excl. of 7305.11 & 7305.19)	-34,297.63	Russian Federation	China	
			Change in import value	7,214.57	-41,498.06
			Import value in 2008	53,630.77	705,876.60
			% Change in import value	13.45	-5.88
880260	Spacecraft (incl. satellites) & suborbital & spacecraft launch vehicles	-27,745.94	N/A	France	
			Change in import value		-16,928.92
			Import value in 2008		165,969.80
			% Change in import value		-10.20
610342	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted/crocheted, of cotton	-25,491.72	Kyrgyz Republic	China	
			Change in import value	1.34	-25,448.56
			Import value in 2008	7.06	337,143.30
			% Change in import value	18.94	-7.55
300490	Medicaments (excluding goods of heading 30.02/30.05/30.06/3004.10-3004.50) consisting of mixed/unmixed products for therapeutic/prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems)/in forms/packi	-17,022.41	Russian Federation	Germany	
			Change in import value	3,505.42	-3,973.85
			Import value in 2008	28,317.08	62,482.00
			% Change in import value	12.38	-6.36
880240	Aeroplanes & other aircraft, of an unladen weight >15000kg	-15,610.48	N/A	France	
			Change in import value		-9,738.81
			Import value in 2008		103,435.10
			% Change in import value		-9.42
610343	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted/crocheted, of synthetic fibres	-14,595.42	Russian Federation	China	
			Change in import value	36.77	-14,631.55
			Import value in 2008	167.42	191,681.00
			% Change in import value	21.96	-7.63
870324	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transport of persons, with spark-ignition internal combustion reciprocating piston engine, of a cylinder capacity >3000cc	-13,336.59	Russian Federation	Germany	
			Change in import value	136.69	-5,627.56
			Import value in 2008	383.19	34,702.00
			% Change in import value	35.67	-16.22
610990	T-shirts, singlets & other vests, knitted/crocheted, other than of cotton	-11,857.41	Russian Federation	China	
			Change in import value	33.61	-11,682.58
			Import value in 2008	219.32	196,983.90
			% Change in import value	15.32	-5.93

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Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value		Country with Largest Decrease in Import Value	
851712	Telephones for cellular networks/for other wireless networks, other than Line telephone sets with cordless handsets	-11,548.28	Russian Federation	Hungary		
			Change in import value	3.48		-6,603.86
			Import value in 2008	48.70		258,897.00
			% Change in import value	7.14		-2.55
640590	Footwear other than with uppers of leather/composition leather/textile materials, n.e.s.	-9,574.00	Russian Federation	China		
			Change in import value	8.71		-45,347.94
			Import value in 2008	181.59		383,050.90
			% Change in import value	4.80		-11.84
854449	Other electric conductors, for a voltage not > 1,000 V, not fitted with connectors	-8,436.36	Russian Federation	Turkey		
			Change in import value	8,844.76		-7,488.60
			Import value in 2008	67,674.45		39,410.17
			% Change in import value	13.07		-19.00
611030	Jerseys, pullovers, cardigans, waist-coats & similar articles, knitted/crocheted, of man-made fibres	-8,238.81	Russian Federation	China		
			Change in import value	14.22		-8,016.14
			Import value in 2008	154.69		234,513.80
			% Change in import value	9.19		-3.42
711319	Articles of jewelry & parts thereof, of other precious metal (excl. silver), whether/not plated/clad with precious metal	-7,275.34	Kyrgyz Republic	Turkey		
			Change in import value	175.21		-3,722.45
			Import value in 2008	969.69		49,342.46
			% Change in import value	18.07		-7.54
842139	Filtering/purifying machinery & apparatus for gases, other than intake air filters for internal combustion engines	-6,859.89	Russian Federation	Norway		
			Change in import value	572.79		-6,341.61
			Import value in 2008	6,241.46		172,070.20
			% Change in import value	9.18		-3.69
870423	Motor vehicles for the transport of goods (excl. of 8704.10), with C-I internal combustion piston engine (diesel/semi-diesel), g.v.w. >20tonnes	-6,739.05	Russian Federation	China		
			Change in import value	3,924.89		-12,264.34
			Import value in 2008	32,909.45		85,645.26
			% Change in import value	11.93		-14.32
20714	Cuts & edible offal of species Gallus domesticus, frozen	-6,253.12	Russian Federation	USA		
			Change in import value	164.87		-5,068.92
			Import value in 2008	360.88		19,363.02
			% Change in import value	45.68		-26.18
610910	T-shirts, singlets & other vests, knitted/crocheted, of cotton	-6,109.33	Russian Federation	China		
			Change in import value	31.69		-5,783.14
			Import value in 2008	296.47		143,240.20
			% Change in import value	10.69		-4.04
610462	Women's/girls' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted/crocheted, of cotton	-5,711.61	Russian Federation	China		
			Change in import value	5.09		-5,668.81
			Import value in 2008	33.27		95,929.07
			% Change in import value	15.29		-5.91

Source: World Bank.

Table C6. Countries Likely to See the Largest Changes in Exports to Belarus by 2020, Top 20 Products (HS 6-digit level)

Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value	
300490	Other pharmaceutical products	5,808	Germany	Russian Federation	
			Change in import value	1,569	-1,144
			Import value in 2008	44,618	13,996
			% Change in import value	3.52	-8.17
80810	Apples	4,012	Poland	Russian Federation	
			Change in import value	3,712	-48
			Import value in 2008	54,760	8,801
			% Change in import value	6.78	-0.55
870120	Road tractors for semi-trailers	3,240	Belgium	Bulgaria	
			Change in import value	776	0
			Import value in 2008	54,478	11
			% Change in import value	1.42	0.00
730890	Other structures (excluding prefabricated buildings of heading 94.06) and parts of structures	3,071	China	Russian Federation	
			Change in import value	2,751	-2,597
			Import value in 2008	44,173	35,625
			% Change in import value	6.23	-7.29
852990	Other parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28	2,805	Poland	Russian Federation	
			Change in import value	1,796	-299
			Import value in 2008	40,829	2,554
			% Change in import value	4.40	-11.71
880240	Aeroplanes and other aircraft, of an unladen weight exceeding 15,000 kg	2,201	Brazil	N/A	
			Change in import value	2,201	
			Import value in 2008	55,404	
			% Change in import value	3.97	#DIV/0!
851762	Machines for reception, conversion and transission or regeneration of voice, images or other data, including switching and routing apparatus	2,076	China	Russian Federation	
			Change in import value	1,317	-546
			Import value in 2008	43,011	8,171
			% Change in import value	3.06	-6.68
851712	Telephones for cellular networks or for other wireless networks	1,714	China	Russian Federation	
			Change in import value	1,286	-962
			Import value in 2008	33,989	16,079
			% Change in import value	3.78	-5.98
392690	Other plastic and articles thereof	1,534	Germany	Russian Federation	
			Change in import value	728	-952
			Import value in 2008	8,398	7,213
			% Change in import value	8.67	-13.20
871639	Other trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof	1,176	Germany	Bulgaria	
			Change in import value	738	0
			Import value in 2008	61,245	14
			% Change in import value	1.21	0.00

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Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value
850440	Static converters	1,106	Lithuania	Russian Federation
			Change in import value	363 -510
			Import value in 2008	5,977 4,625
			% Change in import value	6 -11
830241	Base metal mountings suitable for buildings	1,027	Poland	Russian Federation
			Change in import value	931 -461
			Import value in 2008	15,161 4,312
			% Change in import value	6.14 -10.69
210690	Other miscellaneous edible preparations	1,006	Germany	Russian Federation
			Change in import value	763 -706
			Import value in 2008	19,006 13,447
			% Change in import value	4.01 -5.25
80830	Pears	955	Belgium	Russian Federation
			Change in import value	306 -2
			Import value in 2008	4,542 12
			% Change in import value	6.74 -17.03
441011	Particle board	896	Poland	Russian Federation
			Change in import value	2,239 -1,850
			Import value in 2008	17,331 40,500
			% Change in import value	12.92 -4.57
300420	Medicaments containing other antibiotics	748	Lithuania	Russian Federation
			Change in import value	333 -215
			Import value in 2008	7,692 2,366
			% Change in import value	4.33 -9.09
390120	Polyethylene having a specific gravity of 0.94 or more	733	Poland	Russian Federation
			Change in import value	418 -828
			Import value in 2008	12,144 27,868
			% Change in import value	3 -3
390210	Polypropylene	729	Lithuania	Russian Federation
			Change in import value	619 -1,147
			Import value in 2008	14,848 50,078
			% Change in import value	4.17 -2.29
854449	Other insulated wire, cable, and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres	717	Germany	Russian Federation
			Change in import value	753 -1,761
			Import value in 2008	6,448 74,297
			% Change in import value	11.68 -2.37
940600	Prefabricated buildings	704	Poland	Russian Federation
			Change in import value	546 -1,362
			Import value in 2008	3,969 22,815
			% Change in import value	13.76 -5.97

Source: World Bank.

Table C7. Countries Likely to See the Largest Changes in Exports to Kazakhstan by 2020, Top 20 Products (HS-6 digit level)

Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value
300490	Other pharmaceutical products	22,814	Germany	Russian Federation
			Change in import value	7,058
			Import value in 2008	161,618
			% Change in import value	4.37
870423	Motor Vehicles for the transport of goods (g.v.w. exceeding 20 tonnes)	10,848	China	Russian Federation
			Change in import value	18,877
			Import value in 2008	186,186
			% Change in import value	10.14
490700	Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognised face value; stamp-impressed paper; banknotes; cheque forms; stock, share or bond certificates and similar documents of title	8,797	United States	Uzbekistan
			Change in import value	8,498
			Import value in 2008	306,839
			% Change in import value	2.77
851712	Telephones for cellular networks or for other wireless networks	8,095	China	Russian Federation
			Change in import value	3,350
			Import value in 2008	130,687
			% Change in import value	2.56
880240	Aeroplanes and other aircraft, of an unladen weight exceeding 15,000 kg	7,652	Brazil	N/A
			Change in import value	4,003
			Import value in 2008	102,922
			% Change in import value	3.89
730890	Other structures (excluding prefabricated buildings of heading 94.06) and parts of structures	7,012	China	Russian Federation
			Change in import value	3,149
			Import value in 2008	49,607
			% Change in import value	6.35
730619	Other tubes, pipes and hollow profiles	6,043	China	Ukraine
			Change in import value	6,790
			Import value in 2008	271,739
			% Change in import value	2.50
852990	Other parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28	6,016	Korea, Rep.	Russian Federation
			Change in import value	5,695
			Import value in 2008	131,555
			% Change in import value	4.33
732690	Other articles of iron or steel	4,892	China	Russian Federation
			Change in import value	1,710
			Import value in 2008	64,209
			% Change in import value	2.66
854519	Other carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles of graphite or other carbon, with or without metal, of a kind used for electrical purposes	4,732	China	Ukraine
			Change in import value	4,918
			Import value in 2008	175,115
			% Change in import value	2.81
392690	Other plastic and articles thereof	4,662	Germany	Russian Federation
			Change in import value	1,497
			Import value in 2008	19,319
			% Change in import value	7.75

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Product	Product Description	Increase in Import Value (US\$, thousands)	Country with Largest Increase in Import Value	Country with Largest Decrease in Import Value
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	4,660	China	Russian Federation
			Change in import value	3,418
			Import value in 2008	114,461
			% Change in import value	2.99
940360	Other wooden furniture	3,454	China	Russian Federation
			Change in import value	3,584
			Import value in 2008	18,574
			% Change in import value	19.30
850440	Static converters	3,352	China	Russian Federation
			Change in import value	1,579
			Import value in 2008	29,845
			% Change in import value	5.29
401110	New pneumatic tyres, of rubber of a kind used on motor cars (including station wagons and racing cars)	3,217	China	Russian Federation
			Change in import value	3,802
			Import value in 2008	26,356
			% Change in import value	14.43
870410	Dumpers designed for off-highway use	3,152	Japan	Belarus
			Change in import value	1,211
			Import value in 2008	13,845
			% Change in import value	8.75
80810	Apples	3,128	China	Kyrgyz Republic
			Change in import value	3,069
			Import value in 2008	22,575
			% Change in import value	13.59
880230	Aeroplanes and other aircraft, of an unladen weight exceeding 2,000 kg but not exceeding 15,000kg	2,878	Brazil	Russian Federation
			Change in import value	2,580
			Import value in 2008	61,146
			% Change in import value	4.22
854449	Other insulated wire, cable, and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres	2,779	Italy	Russian Federation
			Change in import value	3,200
			Import value in 2008	41,250
			% Change in import value	7.76
640291	Footwear covering the ankle with outer soles and uppers of rubber or plastics	2,632	China	Russian Federation
			Change in import value	2,898
			Import value in 2008	53,270
			% Change in import value	5.44

Source: World Bank.