



Agency for International Trade Information  
and Cooperation

18 May 2005

**AITIC Seminar organised in collaboration with UNECE**

**Economies in Transition and the WTO:**

**Launching of the Russian-Language Version of the  
*AITIC Glossary of Commonly Used International Trade  
Terms with Particular Reference to the WTO***

**Palais des Nations, Room VII  
Geneva, 7 April 2005**

**I. Introduction**

1. On 7 April 2005, AITIC in collaboration with the United Nations Economic Commission for Europe (UNECE) hosted a seminar to mark the launching of the Russian-language version of the *AITIC Glossary of Commonly Used International Trade Terminology with Particular Reference to the WTO*. Under the general theme *Economies in Transition and the WTO*, delegations from transition economies discussed the challenges their countries are facing in the multilateral trading system (MTS).

2. Dr Carol Cosgrove-Sacks, Director of the UNECE Trade Development and Timber Division, welcomed participants and thanked Dr Esperanza Durán, Executive Director of AITIC, for the long-lasting and fruitful cooperation of the organisations in providing trade-related technical assistance. She said that a Russian-language version of the *AITIC Glossary* would prove to be highly valuable to economies in transition that are members of the WTO or in the process of its accession.

**II. Experiences of Economies in Transition as WTO Members: the  
Cases of Mongolia and the Republic of Moldova**

3. HE Mr Dumitru Croitor, Ambassador of the Republic of Moldova, gave an overview of the economic situation of Moldova, which became a WTO member in 2001. Having gained independence in 1991, Moldova — like many former Soviet republics — has suffered severely from the disruption and disintegration of its

economic and trade relations. The Ambassador emphasised that Moldova has initiated significant trade policy reforms at a fairly early stage of its transition: the state monopoly over foreign trade was abolished in 1992 and restrictions on imports and exports were gradually eliminated. However, Moldovan foreign trade has declined over the past years: the Republic's trade deficit has increased considerably and reached the level of US\$ 788m, which represents around 80% of the value of the country's exports. As a country with economy in transition, Moldova is not entitled to the flexibilities foreseen for "developing" countries, some of which have comparatively more advanced economies. Mr Croitor hoped that the results of the current round of multilateral trade negotiations will create more favourable conditions for Moldovan exports by allowing them greater access to foreign markets. Furthermore, he cautioned that the developed WTO members need to refrain from demanding further concessions on top of those already committed to by recently-acceded members (RAMs) in their accession negotiations as this would seriously impede their capacity to draw benefits from any agreed reforms.

4. Mr Masahiro Hayafuji, Counsellor of the Asia and Pacific Section of the WTO Trade Policies Review Division, presented a synopsis of the economic situation of Mongolia, a landlocked country with economy in transition that acceded to the WTO in 1997. Since its accession, the Mongolian economy has been on a recovery path. Reforms, such as the establishment of an open trade regime and a floating exchange rate, have contributed to a slight increase in the gross domestic product (GDP) per capita from US\$430 in 1997 to US\$450 in 2002. The speaker also highlighted that upon accession Mongolia has accepted all multilateral agreements, bound its tariffs under GATT 1994 and has committed to eliminate an export duty on the export of raw cashmere. Mr Hayafuji explained that the services sector of Mongolia accounts for about half of its employment and continues to grow: in 2003 it achieved 61 per cent of GDP. Additionally, he pointed out that challenges Mongolia is facing in the trade negotiations relate to its limited human and technical capacities as well as insufficient financial resources.

### **III. Current Issues of Special Interest for RAMs**

5. HE Mr Gordan Marcotic, Ambassador of Croatia, recollected that the voice of RAMs was heard at Doha for the first time when the groundwork for the future treatment of these countries was laid in the Doha Declaration. The speaker highlighted that it is important for RAMs to remain committed to this proactive approach. In the run-up to the Hong Kong Ministerial Conference, RAMs need to focus their work on making their input count for a first approximation of modalities. Referring to the negotiations on domestic support and tariff reductions, Mr Marcotic stated that RAMs need additional flexibility in order to take into account the commitments already made by RAMs. In his view, such flexibility provisions should include a grace period for RAMs of at least 4 years after the entry into force of the rounds' results; lower tariff reductions; longer implementation periods and exemption from having to further reduce or eliminate low tariffs. In conclusion, the Ambassador reiterated that in view of their level of development, the vulnerability of their agriculture and the level of their accession commitments, RAMs deserve the same treatment concerning market access and domestic support as other countries with similar economic conditions.

6. Mr David Woods, former Managing Director of the World Trade Agenda, began his presentation by referring to a paradox. He observed that although the WTO is aimed at promoting a business-friendly environment, in reality, private sector companies both in developed and in developing countries do not seem very interested in how the WTO functions. In Cambodia for example, which is a developing country that has recently acceded to the WTO, a survey has revealed that ordinary business people know almost nothing about this organisation. Among the major problems the speaker identified for Cambodia is smuggling of more than 90 per cent of products; high level of corruption; and absence of financial and transport infrastructure. Mr Woods stated that less-advantaged countries (LACs) can benefit from accession by using the WTO as a platform to provide an impetus to their internal reforms in favour of creating a more business-friendly environment and tackling the smuggling and corruption. To facilitate this process, Mr Woods underscored the need to inform the private sector on the issues at stake in the accession negotiations and involve the business community in designing of appropriate domestic policies.

7. Mr Mario Apostolov, Regional Adviser of the UNECE Trade Division, provided an overview of some of the most urging problems faced by economies in transition in the MTS. Too many countries rely on exporting a limited number of products. The tariff regime of countries recently acceded to the WTO differ significantly from those seeking accession. The speaker stressed that effective regional and multi-stakeholder cooperation is essential in promoting these countries' smooth integration into the MTS. He noted that economies in transition stand to gain significantly from negotiations on trade facilitation and referred participants to the work UNECE has been carrying out in this field for more than 40 years. In particular, he highlighted capacity building activities, such as a seminar on *Globalisation, Trade Facilitation and WTO Accession* jointly organised by AITIC and UNECE in 2004 and a project of technical assistance for countries with economies in transition supported by the Czech Republic. The central constraint of RAMs and countries in accession to the WTO is the lack of human resources and capacities to adequately follow negotiations and be aware of the key issues at stake, such as the basic technicalities in trade facilitation or the costs and benefits related to implementing multilateral rules on trade facilitation.

8. During the subsequent discussion participants shared their experiences and expressed their views on the challenges that transition economies face in the multilateral trade negotiations. Several participants reported on the difficulties in achieving a fruitful dialogue between the government and business circles. A delegate noted that sometimes there is a contradiction between the recommendations made by international financial institutions and commitments that are expected of acceding countries. Several representatives deplored the lack of reliable information on the actual economic impacts of accession to the WTO, which is why most stakeholders remain unaware of challenges and benefits of WTO membership. Ambassador Croitor pointed out that, in response to this urgent need, AITIC is launching a research project on the *Economic Impact of Accession Commitments to the WTO: Lessons from Five Recently-Accessed Transition Economies*. A proposal for financial support has recently been submitted to the Geneva International Academic Network (GIAN). Ambassador Marcotic and Mr Hayafuji also noted that no studies have been carried out on the impact of the

Croatia's and Mongolia's accession to the WTO but they informed participants that Croatia's customs revenues have reduced by 29 % during its first year of membership to the WTO and Mongolia's value of trade has increased by 30 % during the four years after its accession. The speakers concluded that belonging to the "WTO club" is challenging but less difficult than being outside, as it provides stimuli for development and further domestic market reforms.

#### IV. Presentation of the AITIC Glossary

9. Mr Yuri Afanassiev, First Counsellor of the Permanent Mission of the Russian Federation, said that he found it an excellent and revolutionary idea to create RAMs as a group of countries with particular interests as a result of their recent accession. However, it is far from a homogeneous group: some RAMs have created a negative precedent by making too steep concessions, as their decision to accede to the WTO was mainly driven by political considerations. These commitments proved hard to match for subsequent countries in accession which have found the accession process increasingly technically complex. Mr Afanassiev strongly welcomed AITIC's initiative to translate its *Glossary* into Russian, since the Russian language is still widely spoken within economies in transition. He said that the translation of the *Glossary* with the most important trade terminology, country groups and agreements into Russian is a first step for the public and public sector to overcome some of the numerous constraints and challenges which had been enunciated at today's meeting.

10. Dr Esperanza Durán, Executive Director of AITIC, thanked participants and speakers for their contributions to making today's seminar a success. In particular she was grateful to Mr Woods and Mr Calmac, Coordinator of the Programme of Cooperation for Transition Economies of AITIC, who have performed the bulk of the research and drafting work on the *Glossary*. She recalled that following the collapse of the Seattle Ministerial Conference in 1999 the interest of civil society in WTO issues had surged. This was also due to the fact that at Seattle developing countries insisted in an unprecedented manner on making their voices heard in the negotiations. The *AITIC Glossary* seeks to provide concise yet comprehensive definitions and is drafted in a language that is easy to understand. Through a better understanding of the issues at stake it aims to add value to the participation of developing countries in the negotiations and to the contribution of interested parties from civil society and the business community in domestic and international policy-making.

11. Concluding the Seminar, Mr Adrian Calmac, expressed his delight that the fruit of AITIC efforts have successfully materialised. By translating the *Glossary* into Russian, AITIC aims to promote a better understanding of the MTS in the countries with economies in transition and to contribute to the development of the WTO terminology in Russian. He also noted that since the WTO terminology is constantly evolving in line with the developments in the MTS and the negotiations, the *Glossary* needs to be constantly updated. He said that AITIC will welcome any comments and suggestions from the users of this *Glossary*.