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The adaptation of measures to stimulate an export engineering to the WTO rules

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Russia's participation in the WTO involves modification of the arsenal of tools to support local producers, the shift to stimulate demand, the development of the institutional environment , building the system of long-term , stable and predictable efficiency measures industrial enterprises. In this condition the adaptation of an existing set of measures to protect domestic machine-building enterprises to the norms and rules of the World Trade Organization (WTO). Part of the measures used in the Russian Federation today, contrary to WTO rules and disciplines . To protect our own producers of engineering products necessary to conduct analysis of existing support measures and modify them to meet the requirements of the WTO.

Keywords: approved measures WTO, protectionism, promote engineering.

Introduction

The Russian Federation has been a member of the WTO since 22 August 2012 and this event cannot be clear assessment, the opinions of experts and analysts are very contradictory. Becoming a member of the WTO, Russia has committed itself to eliminate all government programs aimed at eliminate subsidies on exports and imports. The WTO's agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health. However, these measures must be applied in the same way to both national and foreign businesses. In other words, members can't use environmental protection measures as a means of disguising protectionist policies. Assumed gradual reduction of import duties on most industrial goods, extended on a period from 3 to 7 years. This period is a necessity for the implementation of protection and incentives for domestic producers.

The report of the European Commission, dedicated to trade and investment barriers faced by European business, says that Russia, despite the entry into the WTO, retained series of protectionist measures, "most of them are inconsistent with the obligations of the WTO" [2].

Subsidies are the most powerful tools of trade policy for many developed and developing countries. Providing certain subsidies, governments support their producers, making their products more competitive, which undoubtedly has an impact on international trade in goods data.

As a result of such influence the price of subsidized goods advantages obtained primarily in the domestic market against foreign goods, in this case, in fact subsidizing becomes an economic barrier to entry into the market of the subsidizing country. Providing subsidies foreign state may

lead to the fact that domestic products cannot compete with foreign in its domestic market, as subsidies will allow foreign companies to offer products at lower prices.

In the WTO rules the use of subsidies for the engineering and other industrial products are established by Agreement on Subsidies and Countervailing Measures (ASCM), the provisions of which are binding on all members of the organization without reservations and exemptions. This agreement defines the scope of subsidies and countervailing measures, given clear definition of subsidies, their classification in according to affect trading conditions and the legitimacy of applying the rules of countervailing measures and countervailing investigations, and challenging the legality of the use of subsidies in the system of dispute resolution in those cases where the use of subsidies has a negative impact on trade. [5]

Concept of subsidies used in Russia is quite different from the concept used in the WTO. In world practice, this concept is much broader and includes almost all types of direct and indirect financial support to producers and economic operators.

Under Article 1 of the ASCM, formed signs grant the article says that "the subsidy exists when: [5]

For the purpose of this Agreement, a subsidy shall be deemed to exist if:

1) there is a financial contribution by a government or any public body within the territory of a Member (referred to in this Agreement as "government"), i.e. where:

(i) a government practice involves a direct transfer of funds (e.g. grants, loans, and equity infusion), potential direct transfers of funds or liabilities (e.g. loan guarantees);

(ii) government revenue that is otherwise due is foregone or not collected (e.g. fiscal incentives such as tax credits)(1);

(iii) a government provides goods or services other than general infrastructure, or purchases goods;

(iv) a government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the type of functions illustrated in (i) to (iii) above which would normally be vested in the government and the practice, in no real sense, differs from practices normally followed by governments;

or

(a)(2) there is any form of income or price support in the sense of Article XVI of GATT 1994;

And (b) a benefit is thereby conferred."

Particularly the important of the agreement on subsidies adopted in the WTO is that the management of subsidies provided to the ASCM, applies only to specific subsidies. The main symptom of specificity subsidies - the limited access of enterprises to obtain subsidies when not all

businesses and manufacturers can get it, and as a result created artificial competitive advantage for individual producers.

Ways to adapt this restriction can be quite varied enough to comply with certain specific, clear conditions in the provision of this type of subsidy: should be objective criteria to receive it applied automatically, regardless of the international status of the manufacturer.

For example, the use of tax incentives to industrial enterprises, the number of employees does not exceed 100 persons, without limitation sectors in which these benefits can be applied, and then such exemption will not be a specific subsidy. However, the application of such rules does not give a clear answer, Article 2 of the ASCM allows taking into account additional factors such as the actual subsidy by a limited number of enterprises or imbalances in the allocation of subsidies, taking into account the real structure of the economy brand.

Specific subsidies are also recognized, the provision of which is limited to certain geographical regions except for the differences associated with the use of the actual level of the tax system, which may be different in the subjects of a federal state. However, if we can prove that the level of regional taxes in any region of the Russian Federation, and is lower than in other areas, such as the grant will not be specific. The most important tool to support export-oriented engineering enterprises can be called complex compensatory measures. Countervailing measures can be imposed on the goods in respect of which foreign states used special subsidies and subsidized supplies of these products cause injury to domestic producers. The main purpose of a package of compensatory measures is to combat unfair price competition.

According to the WTO rules, compensatory measures are introduced in the form of fees for up to 5 years to eliminate the cost advantage caused by the use of a specific subsidy of imported goods. This measure may be extended as a result of its revision. However, in contrast to the anti-dumping measures, countervailing action measures should be discontinued in the event of termination of the subsidy of goods in respect of which compensation measures were introduced.

The WTO Agreement does not regulate the actions of companies engaged in "dumping". Its focus is on how governments can or cannot react to dumping — it disciplines anti-dumping actions, and it is often called the "Anti-dumping Agreement". For the introduction of compensatory measures is necessary to conduct compensatory investigation in which you want to prove the existence of three factors:

- Subsidizing foreign manufacturers;
- Material damage caused to the domestic industry, or threat of material damage or a significant slowdown of the industry development;
- A causal link between the subsidized imported goods and the damage caused to the domestic industry.

Compensatory measures can be administered for any imported goods, which is the same from the standpoint of consumers in relation to goods produced by domestic producers who are suffering from subsidized imports. By the same goods, as usually understood goods that is identical goods on all grounds, that is subject of the investigation, or without of such a product another product which has characteristics similar to the characteristics of the product which is the subject of the investigation.

The common form to apply the compensation measures perform price undertakings which actually represent an agreement between the authority to investigate and foreign producer or exporter of the delivery of the goods at the price fixed price is not below a certain level at which the export will not cause injury to domestic producers and countervailing duties.

In addition, based on our investigation of the compensation requirement may be made to the representatives of a foreign state to cease subsidizing this product, which consequently lead to removing the loss.

Increased levels of protectionism and the use of prohibited measures to stimulate domestic producers in crisis of an economic development is rather frequent measure among WTO members. For example, at different times, many countries have launched a program to protect their own producers, the mechanism of action which can be called "clunkers" - is clearly prohibited by the WTO measure if it involves cars only domestic production.

All variety of measures to protect the manufacturers can be divided into several groups:

1. Measures directly acting on the costs of enterprises producing engineering products.

- Reduced tax rates (income tax, promotion of R & D)
- Changes to the schedule of payment of taxes to individual companies
- Reduction of import duties on raw materials and components
- Cancellation of export duties for exporters
- Subsidies to exporters
- Subsidies for the purchase of raw materials
- Subsidies on loans to retool
- Direct funding

2. Measures affecting producers indirectly through financial instruments, government programs and government guarantees:

- Encouraging consumers (buyers subsidize domestic goods)
- Public procurement
- Protective duties

3. Measures to promote the creation of an efficient infrastructure to ensure steady demand for machinery:

- Allocation of funds to educational institutions for training for engineering enterprises
- Financing and co-financing of businesses, consumers, domestic engineering products

In SCM introduced classification of subsidies depending on the extent of their impact on trade. Was originally incorporated division of subsidies into the following categories, as a way to resolve:

1. WTO prohibited subsidies, the meaning of which is linked by law or in fact as a single or multiple conditions export performance or the use of domestic goods instead of imported:

- Increase in import duties;
- Direct subsidies to exporters;
- Subsidies for the purchase of domestic goods.

Permissible WTO subsidies whose use may lead to the application of certain countermeasures by other members, under the conditions stipulated in the SCM:

• Any subsidies, grants (excluding R & D funding) provided by discrete manufacturers. If the importing country domestic products proves that these subsidies have caused the harm, it can be counteracted by compensatory measures.

2. Permitted WTO and subsidies in respect of which do not apply as compensatory measures , and other countermeasures envisaged ASCM . :

- Funding for research and development,
- Measures that affect all producers equally
- Reduction of import duties on raw materials
- Cancellation of export duties

There are plenty of examples of measures to support the legalization of manufacturers of engineering products under the WTO rules and regulations:

- Funding of the research and development, including through military orders
- Provide tax breaks
- Funding / create the necessary infrastructure
- Provide concessional lending
- Implementing measures to support not at the federal and at the regional level
- Technical regulations
- Establishment of a special “tax schedule” (tax arrears, penalties and other payments to the budgets of various levels) for individual companies.

Furthermore, the measures that are associated with conditions that may affect cost producers usually require minimal adaptation of WTO requirements. Despite the fact that direct subsidies to exporters are not allowed under the WTO rules, there are several possible ways of legalizing the subsidy:

1. Spread subsidy for all industrial companies included in the specific list of "strategic partners of the state" regardless of international status.

This will help to attract foreign capital, localization of components, increasing production and import of technology. However, if the list will be formed from exporting companies are at risk of complaints from other countries or national producers.

2. Replace subsidy to exporters direct for subsidy of R & D funding provided, in fact, the same exporters (not more than 75 % of the total cost).

Many of the WTO members, are using technical regulation to protect their own economic interests. Actions WTO members concerning technical regulation regulated [3]:

- Agreement on Technical Barriers to Trade. This agreement will extend and clarify the Agreement on Technical Barriers to Trade reached in the Tokyo Round. It seeks to ensure that technical negotiations and standards, as well as testing and certification procedures, do not create unnecessary obstacles to trade.

- Agreement on Sanitary and Phytosanitary Measures. This agreement concerns the application of sanitary and phytosanitary measures — in other words food safety and animal and plant health regulations.

When somebody use technical barriers as a protection of producers there is the one important condition: preventing the use of technical barriers as a mean of discriminating against certain countries as a mean of restricting the development of international trade. So that if the measure is really helpful it is necessary to improve legislation on technical regulations: develop a new law "About Standardization"; make changes to the Federal Law "About maintenance of unity of measurements", in order to simplify introduction of new tools and measurement, measurement tools replace the ones out of date.

Among the possible measures to support Russian exporters of engineering products can be identified such a measure as conducting market research target the global market of engineering and advice for the development of Russian production of the relevant products in the most promising export destinations .

Many of the WTO members use the support of their exporters such as an insurance of an export credit. In our country, founded and operates the Russian Agency for Insurance of Export Credit and Investment. The services of this agency are a real tool to support exporters of engineering products need to make. Some changes in the organization's activities, namely to increase the limits of export credit insurance machine builders to increase coverage to 100%, reduce the insurance premium to the minimum level. [4]

Not inconsistent with WTO rules and is a measure of support export-oriented engineering enterprises as consolidation efforts within the industry itself. Currently, the country has established

and active Russian public organization "Russian Engineering Union". This organization is ready to provide methodological, counseling and legal assistance for machine-building enterprises organizational and help with the cooperation with foreign partners, with the Ministry of Industry of the Russian Federation to provide partial reimbursement of the interest rates on loans, deferred payment or recovery of value added tax, as well as the examination of the lack of production on the territory of the Russian Federation of many goods [6].

One of the most important measures to support domestic exporters, according to First Deputy Chairman of Committee on Industry of the State Duma V.V. Gutenev, is the recognize the laws "State strategic planning" and "The basis of public-private partnerships in the Russian Federation", the adoption of which significantly affect the imperfection of Russian legislation in the industrial sector. In order to provide the the decision of a number of financial, economic, innovative, technological and social problems it is necessary to modify the federal legislation in the tax, customs, educational and social fields. [1]

Measures to support the Russian machine-building enterprises of export-oriented products should be systemic and consistent the legal authority. Currently under development and improvement of a set of measures of state support for domestic engineering , their adaptation to the new conditions and new challenges.

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