

Protectionism Prior to WTO, Within Reason

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Government measures to protect its procurement from international competition have merited the description of being not too harsh.

The Economic Development Ministry last week extended price preferences for a wide range of Russian goods for a fourth consecutive year.

But the notion of locally made goods has included everything that foreign producers manufacture in the country.

Denis Kamyshev, a partner at consultancy Ernst & Young, said the system isn't that stringent.

"The Russian system is more liberal than that of some other markets," he said. "I wouldn't take a dig at this system."

Under a ministry order, the value of bids that offer locally made goods for state contracts will

again enjoy a discount of 15 percent for the purpose of determining the winner.

Although the government previously attributed the measure to the global economic crisis, the latest rationale is to help it weather pending entry into the WTO.

The European Commission complained last week that the United States and Japan offered international bidders only a third of the market that they could.

The share of foreign-made goods in Russia's government contracts valued at \$120 billion in 2010 has remained unclear, as has the effect of the protectionist measures. An Economic Development Ministry spokeswoman declined to comment Tuesday.

Pavel Gagarin at consultant Gradient Alpha estimated that Russian-made goods accounted for 10 percent more of the market last year than the year before.

Andrew Somers, president of the American Chamber of Commerce, said foreign companies remained concerned about discrimination against companies that are not producing in the country.

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