

Inaction on Russia Trade Could Harm U.S. Exports

By [The Moscow Times](#)

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U.S. Trade Representative Ron Kirk wants Congress to terminate the Jackson-Vanik amendment so that U.S. manufacturers can take full advantage of Russia's WTO membership.

U.S. agricultural, aircraft and other exports to Russia could suffer unless Congress passes legislation soon acknowledging that the former Cold War enemy is now a fellow member of the World Trade Organization, trade experts and business groups said.

After 18 years of on-and-off negotiations, Moscow met the requirements set by the United States and other countries for joining the WTO and became its newest member on Wednesday.

The Peterson Institute for International Economics estimates that U.S. exports to Russia could double over the next five years to \$11 billion as a result of the tariff cuts and other reforms Moscow made to join the WTO.

But in the short term, U.S. exports to Russia are at risk because Congress has not yet lifted

a 1974 provision known as the Jackson-Vanik amendment that stands in the way of "permanent normal trade relations" with Moscow.

"In order for American manufacturers, workers, service providers, farmers and ranchers to take full advantage of Russia's WTO membership, Congress must act to terminate Jackson-Vanik and authorize permanent normal trade relations," U.S. Trade Representative Ron Kirk said in a statement congratulating the country on its entry into the WTO.

Jackson-Vanik tied normal U.S. tariff rates to the rights of Jews in the former Soviet Union to emigrate freely.

The White House has deemed Russia to be in compliance with the provision for nearly 20 years. But it remains on the books and is at odds with WTO rules requiring members to provide each other normal trade relations on an unconditional basis.

U.S. business groups hope Congress will approve normal trade relations in September after it returns from a month-long recess, but worry the legislation could be delayed until after the Nov. 6 elections or possibly until 2013.

"The whole world is ready — except the United States. Until Congress approves [normalizing trade] with Russia, Moscow will be free to deny the United States the full benefits of its reforms," said Thomas Donohue, president of the U.S. Chamber of Commerce.

"By standing still on trade, America risks being left behind once again. Because of our inaction on [the trade bill], European and Asian companies have won a head start in the Russian market," he said.

Anders Aslund, a senior fellow at the Peterson Institute, said he believed Russia is willing to give the United States a little more time to pass the bill before ratcheting up the pressure on U.S. exporters.

"My sense from the Russians is that they will not say very much to begin with because they think it will get done. But if it's not done by the end of the year, then they will raise a lot of noise," Aslund said.

Without normal trade relations, U.S. pork and poultry producers would be vulnerable to the Kremlin's tendency to shut down imports on the basis of alleged health concerns, Aslund said.

Russia also might punish the United States by awarding certain state contracts to other suppliers.

Aeroflot could decide to buy airplanes from European manufacturer Airbus instead of Boeing, or Russian Railways could buy equipment from Siemens instead of General Electric, Aslund said.

European auto companies also could gain a decisive advantage in the Russian market over U.S. companies if Congress does not act soon, he said.

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