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U.S. Businesses Seek Gains in WTO Entry

By Justin Lifflander

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With Russia's accession to the World Trade Organization looking likely sometime next year, companies are now starting to contemplate the opportunities that could form on a level global playing field.

"We tell [U.S. investors] to look specifically at the areas Russia itself has identified as strategic ... energy efficiency, nuclear power, space, telecommunications," U.S. Ambassador John Beyrle said in an interview to The Moscow Times.

"Obviously the Russian market is a tough one to work in," he said. "We encourage [U.S. businesses and investors] to develop the kinds of personal relationships here that are very important to moving business deals forward."

Moscow won backing for its 17-year bid from the United States earlier this year, while the European Union formally threw its support to Russia on Tuesday. Economic Development

Minister Elvira Nabiullina said in Brussels that remaining multilateral issues should be solved by June 2011.

While working documents from the bilateral negotiations are still not public, the U.S. Embassy in Moscow says accession is about commitments from Russia for fairness in government procurement, transparency, and protection of intellectual property rights.

As part of the WTO drive, Russia has amended property rights legislation to meet the body's standards, including specific rules on data exclusivity for medications. Moscow has also agreed to take a harder stance against piracy, the embassy said.

"Accession was a moving target, and now it's upon us," Andrew Somers, president of the American Chamber of Commerce in Russia, said in a telephone interview from Washington, where he was participating in talks on the U.S. bilateral accession agreement.

Somers said there would be "increased opportunities in aerospace, including aircraft, and information technology, including tariff reductions for software."

The IT sector is already feeling some benefits from Russia's final push to join the 153-member trade body.

Foreign companies operating in Russia have faced major hurdles to import equipment with cryptographic elements, which can be present in everything from mobile phones to notebook computers and telecoms switches.

Encryption chips make the products impenetrable to hackers — and to state security services.

Though bilateral agreement between Washington and Moscow was reached in 2006, the Federal Customs Service has maintained a murky regime based on complex instructions from the Federal Security Service.

Limits on the import of huge chunks of product lines from major IT manufacturers — including HP, Cisco Systems and Intel — compelled some of them to create special products for the Russian market without the chips.

From the start of this year, the regime has become better streamlined between the FSB and customs officials, and goods are flowing more freely, industry players said. But it's been a long and frustrating road.

"The importation of crypto devices is still very restrictive but much more transparent than before," said Mikhail Kader, a Moscow-based systems engineer at Cisco.

The U.S. networking giant worked with the customs service and the FSB to clarify and ease the rules. Kader said Cisco was optimistic that the final WTO agreement would allow the company to spend fewer resources on customs issues and more on doing business.

"The key question remains the final implementation of the agreed import rules. It should be simple, clear and predictable," he said.

Vedomosti reported earlier this week, citing a U.S. Embassy cable published by the WikiLeaks

web site, that former Intel chief and Skolkovo co-chair Craig Barrett had brought up the cryptography issue in a meeting with President Dmitry Medvedev.

Intel threatened to fire 20 percent of their R&D staff in Russia unless the company was allowed to import the equipment required for their positions, the newspaper reported. The chipmaker eventually came to an understanding with the FSB, and the equipment began to flow again.

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