

Study: WTO Entry to Boost U.S. Exports

By [The Moscow Times](#)

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U.S. goods exports to Russia could double to \$19 billion after Russia joins the World Trade Organization, according to a draft report urging Congress to permanently normalize trade.

But U.S. exporters could lose sales if Congress refuses to grant “permanent normal trade relations” — a move crucial for bilateral trade — to keep pressure on Moscow to improve its human rights record or address other concerns, the Peterson Institute for International Economics said Friday in a policy brief.

Consequently, “the U.S. congressional vote on extending permanent normal trade relations could set the tone for economic relations between the United States and Russia for the next decade to come,” the report said.

With Russia hoping to finish its WTO accession process this year, U.S. lawmakers could soon face a vote on the issue. The Obama administration has made approval of permanent normal trade relations one of its priorities for 2011, a campaign highlighted by a top White House official on Friday.

“It’s not a gift to Russia. We think it’s in our national interest,” White House national security official Michael McFaul said in a speech at the Peterson institute.

Getting Russia in the WTO and establishing permanent normal trade relations “is the top priority in our entire bilateral relation,” he said.

Russia, the largest economy still outside the WTO, has been negotiating for 18 years to join the world body.

Helping Russia complete those negotiations would boost economic ties, which have not made as much progress as other issues under a “reset” of the relationship, McFaul said.

Once Russia has finished its accession to the WTO, Congress would be required to approve permanent normal trade relations by removing it from a human rights provision known as the Jackson-Vanik amendment.

That 1974 law tied normal trade relations with communist countries to the rights of religious minorities to emigrate freely. The White House has waived the measure each year since 1994, but it remains on the book.

McFaul acknowledged that President Barack Obama cannot realistically ask lawmakers to approve permanent normal trade relations until there is a final WTO accession deal. But the administration wants Congress to vote as soon as possible after a final deal, he said.

McFaul and Finance Minister Alexei Kudrin, in a separate speech earlier Friday, said Russia was very close to finishing its accession process. That could set the stage for a congressional vote in coming months.

Ed Verona, president of the U.S.-Russia Business Council, said he worries that Russian opponents of joining the WTO could gain the upper hand in State Duma elections in December.

“If it doesn’t happen this year, there’s a real chance that it won’t happen for another decade or more,” Verona said.

Russia’s WTO entry would create export opportunities for U.S. poultry, pork and beef as well as other items such as wine, fruits and nuts, the Peterson report said.

U.S. drug and medical device manufacturers also should profit, as should exporters of heavy industrial machinery such as tractors and oil and natural gas field equipment, it said.

U.S. services companies in sectors ranging from telecommunications to finance to express delivery also should see increased business in Russia.

The United States established permanent normal trade relations with China and Vietnam as those countries joined the WTO. In the case of China, the measure followed years of debate about China’s human rights record.

Refusing to grant permanent normal trade relations to Russia would put the United States at odds with a WTO rule requiring members to “unconditionally” provide all other members the same market access.

Russia could respond by denying U.S. farmers and companies the market-opening benefits of its accession to WTO, putting them at a disadvantage to European, Chinese and other competitors.

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