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Stereotypes Fuel Jackson-Vanik

By Khristina Narizhnaya

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In Washington it's an uphill struggle to change perceptions of Russia, as many American lawmakers remain ignorant of the economic, technological and infrastructural development that their former Cold War opponent has gone through over the last two decades.

"The image of Russia in the U.S. is still the Cold War or the 'Wild West' of the '90s," said Andrew Somers, president of the American Chamber of Commerce in Russia, who just returned from a visit to the U.S. capital. "Nobody is up to date on American business in Russia."

Somers began organizing trips this spring to bring together members of Congress and executives from American companies operating in Russia. The exchanges are intended to educate the politicians about modern Russia and stress its importance as a business partner, Somers said.

He hopes the trips will convince Congress to repeal the nearly 40-year-old Jackson-Vanik amendment, a part of the 1974 Trade Act that prevents the United States from granting Russia

permanent normalized trade relations, or PNTR.

If the amendment is not repealed before Russia joins the World Trade Organization, American companies and their affiliates would be subjected to higher tariffs when exporting to Russia — in line with WTO policies that prohibit one member country from trade discrimination against another.

Jackson-Vanik, named after its co-sponsors, Senator Henry "Scoop" Jackson and Representative Charles Vanik, was created to put pressure, via trade relations, on Russia and other Communist countries that restricted free emigration and other human rights.

President Barack Obama's administration considers Jackson-Vanik outdated since the amendment's objectives have been fulfilled — Russia allows free emigration, National Security Council spokeswoman Caitlin Hayden told The Moscow Times.

Obama wants Congress to approve PNTR before Russia's potential accession to the WTO in December, Chris Wilson, assistant U.S. trade representative for the WTO, said last week.

But Congress has held off repealing the amendment for almost two decades.

One explanation is Congress's lack of awareness of the developments in Russia as well as lingering Cold War prejudices.

"There was more focus [on Moscow] during the Soviet Union than there is now," said Representative Dana Rohrabacher, a Republican from California and an ex-Cold Warrior who now advocates closer U.S.-Russia relations. "It's not threatening anymore."

Hollywood movies portraying stereotypical Russian villains and the busy work schedules of decision makers are also to blame for lack of knowledge and misconceptions about the former Cold War enemy, Rohrabacher said.

A few members of Congress told Somers that they believe Russia is a major source of cyber attacks on the American government and institutions. Some even believe that there are as many Russian spies in Washington as there were during the Cold War, he said.

Another explanation is that Jackson-Vanik is a necessary lever to keep pressure on Russia, said Kirill Maltsev, general manager of Rye, Man & Gor Securities.

"It's normal. Every country has levers," Maltsev said.

Since Jackson-Vanik proscribes PNTR with Russia, trade relations must formally be renewed every year, creating a potential leverage point.

The Obama administration prefers to use other means for pressing for human rights and democratic freedoms in Russia, including providing support to civil society groups and voicing concerns with officials about policies and actions that violate human rights and democratic practices, Hayden said.

Another looming point of leverage is the Sergei Magnitsky Rule of Law Accountability Act, introduced by Maryland Senator Ben Cardin in May. The bill proposes visa sanctions

and freezing American assets of Russian officials implicated in the death of Hermitage Capital lawyer Sergei Magnitsky.

The Magnitsky act is a stand-alone piece of legislation and is not directly related to Jackson-Vanik, Cardin told The Moscow Times. The bill now has 18 co-sponsors, and the senator hopes it will be considered in the near future.

Representative Eliot Engel, a Democrat from New York, said the Magnitsky act "is a serious effort to address the gap which would be left by repeal of Jackson-Vanik."

But even former Soviet dissidents see the logic of improving trade relations. Edward Lozansky, a dissident nuclear physicist who left in 1976 but has since returned and founded the American University in Moscow, filed a lawsuit in April against Obama claiming that the president should execute his constitutionally granted powers to end Jackson-Vanik without the consent of Congress.

American companies are doing very well on the Russian market, with some making billions of dollars in annual revenue locally. Somers said profitability and returns are greater in Russia than in China because Russians spend more of their disposable income.

The trips have been a success. Since March, executives from 11 American companies operating in Russia met with 30 members of Congress. House Foreign Relations Committee Chairman Dan Burton, a Republican from Indiana, even agreed to visit Russia next week to see the business environment for himself.

Representatives react in a positive way once they realize that American companies are making money in Russia, Somers said.

Congresswoman Jean Schmidt practically shrieked with surprise and delight when she found out that Estee Lauder cosmetics are sold in Russia, which is one of the company's top markets, Somers said of a recent trip to Washington.

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