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Obama May Push for Jackson-Vanik Repeal

By Roland Oliphant

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U.S. President Barack Obama called on lawmakers to approve "permanent normal trade relations" with Russia on Tuesday, in the latest hint that his administration would move to repeal the Cold War-era trade restrictions.

"This Congress should make sure that no foreign company has an advantage over American manufacturing when it comes to accessing finance or new markets like Russia. Our workers are the most productive on Earth, and if the playing field is level, I promise you — America will always win," Obama said in his annual State of the Union address late Tuesday night.

Obama did not mention the Jackson-Vanik amendment by name, but U.S. Ambassador Michael McFaul had no doubts that was what the president had in mind.

"Obama calls for JV repeal to 'make sure that no foreign company has an advantage over American manufacturing' when it comes to Russia," he tweeted Wednesday morning.

McFaul has been vocal on the subject since arriving in Moscow last week, tweeting ahead of the speech that scrapping the amendment is "Long over do [sic]. Good for U.S./Good for Russia," and telling Kommersant in an interview published Wednesday that the repeal is one of several "common interests" the two countries share.

The Jackson-Vanik amendment was adopted in 1974 in response to Soviet policies curbing Jewish emigration. It forbids the United States from offering most favored nation status to countries with nonmarket economies that restrict emigration.

The impact of the amendment is actually more symbolic than practical — since the fall of the Soviet Union U.S. presidents have granted Russia "temporary" normal trade relations in the form of an annual "waiver" verified by Congress.

With Russia's accession to the World Trade Organization in December, America will be in breach of WTO rules requiring members to give each other permanent normal trade relations.

As a result, without a repeal "U.S. companies will be denied the full enjoyment of Russia's improved market access and tariff reductions, and thus be placed at a competitive disadvantage versus their European, Asian and Latin American competitors," Andrew Somers, head of the American Chamber of Commerce in Russia, argued in a recent article.

"That gives the Obama administration strong arguments to put to Congress, but it is really a matter of domestic politics," said Fyodor Lukyanov, editor-in-chief of Russia in Global Affairs, who predicted a combination of political point-scoring by Republicans accusing Obama of going soft on Russia and pragmatic moves to attach conditions relating to anything from sanitary restrictions on imports of U.S. chicken legs to missile defense, if the president asks Congress to repeal the amendment.

Other lawmakers may seek to balance any repeal with a replacement law — for example one imposing travel bans on officials accused of involvement in the death of Hermitage Capital lawyer Sergei Magnitsky — that expresses their dissatisfaction with Russia's human rights record.

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