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Ditching Jackson-Vanik Will Benefit Chicken

By Mike Brown

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If there is one thing the that U.S. Congress can agree on during an election year, it is a policy that will spur job creation, boost economic growth and be budget-neutral at the same time. Here is why authorizing permanent normal trade relations for Russia will accomplish all three.

Members of the World Trade Organization formally approved late last year Russia's terms for membership in the organization during a three-day meeting of the WTO's ministerial conference in Geneva. Russia will take its seat at the WTO 30 days after notifying the organization that the State Duma has ratified the membership terms. First Deputy Prime Minister Igor Shuvalov has said he anticipates the accession agreement being sent to the Duma in May.

In Russia, retail food and beverage sales are forecast to increase in real terms from just over $200 billion in 2010 to more than $240 billion by 2014 — a 20 percent increase. This is good

news for U.S. food exporters as imports are expected to meet some of this growing consumer demand. But while Russia is home to 142 million consumers and maintains the world's ninth-largest economy by nominal value, it is the largest economy not yet formally subject to the global trading rules of the WTO.

For U.S. companies to benefit from Russia's accession, it will be necessary for Congress to permanently remove Russia from the Jackson-Vanik amendment to the Trade Act of 1974 and authorize President Barack Obama to extend permanent normal trade relations to Russia.

Russia in the past has used arbitrary sanitary and phytosanitary actions that lack scientific justification to limit or even halt U.S. poultry and meat imports. Without the ability to use the WTO's dispute settlement procedures and other mechanisms, the United States will be at a significant disadvantage if Russia chooses to evoke bogus sanitary and phytosanitary measures against U.S. poultry. As a WTO member, Russia is obligated to bind its agricultural import tariffs and tariff-rate quotas. But, if Russia misuses sanitary and phytosanitary provisions, the tariff bindings and tariff-rate quotas will become a secondary concern. Other world poultry competitors will undoubtedly step up and try to replace the United States if the Russian market is disrupted for U.S. poultry exports.

The Office of the U.S. Trade Representative notes that U.S. farmers and exporters will have more certain and predictable market access as a result of Russia's commitment not to raise tariffs on any products above the negotiated rates and to apply nontariff measures in a uniform and transparent manner.

The National Chicken Council urges Congress to approve permanent normal trade relations with Russia by mid-2012 to help assure the United States can continue to compete in the Russian poultry market. Exporting $300 million of poultry to Russia annually will provide better incomes for more U.S. workers and additional poultry to be produced by a growing number of family farmers across America.

The chicken industry is certainly not the only beneficiary of granting permanent normal trade relations to Russia, as there is significant commercial opportunities for other U.S. exporters, including those businesses in the fruit, livestock, agriculture-equipment, aerospace, consumer-goods, high-tech instruments, construction-equipment, textiles and medical-equipment sectors, among others.

Congress will not be voting on Russia's WTO accession, rather it will be voting on giving the United States equal accession to general tariff reductions, market-opening measures and the ability of U.S. interests, such as poultry, to seek trade relief, if necessary, through the WTO.

A vote for permanent normal trade relations with Russia is a vote for U.S. job creation and economic growth. It makes no sense for the United States to lose access to the world's ninth-largest economy over an outdated law.

Mike Brown is president of the National Chicken Council, a nonprofit U.S. trade association.

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