

U.S. Businesses Favor Increasing Trade Ties

By [The Moscow Times](#)

July 05, 2012



Bill Lane

For decades, U.S. presidents and policy makers sought to isolate Russia to contain the spread of communism.

Now, they're looking to embrace America's top Cold War foe even as critics say its human rights record is still lacking.

With the backing of such U.S. businesses as Caterpillar, President Barack Obama's administration is eyeing Russia, the world's seventh-largest economy, as a top trade priority in its campaign to double exports by the end of 2014.

"Russia should be Caterpillar's largest market," Bill Lane, a lobbyist for the Illinois-based company, said recently.

The country is already in the top 10 among more than 170 export destinations for Caterpillar,

which does not disclose sales by country. With its mineral and energy resources, Russia would be a boon for the earth-moving-equipment maker, Lane said.

The United States shipped \$8.3 billion worth of goods to Russia in 2011, 0.6 percent of all U.S. exports for the year, Commerce Department data show.

Exports of U.S. goods and services to Russia may reach \$22 billion annually during the next five years, according to the Business Roundtable, a Washington-based industry group for chief executive officers of companies including Boeing, Dow Chemical and Citigroup.

The challenge: Russia provokes a maelstrom of conflicting sentiments in the United States, some deeply rooted in 20th-century history.

Some American lawmakers say that although improved trade ties are important, the former U.S. adversary needs to be held accountable for human-rights abuses, lax respect for the rule of law and support for the Syrian regime.

"Russia continues to see itself and act as a military, strategic and economic counterweight to the United States," Senator Orrin Hatch of Utah, the top Republican on the finance panel, said at a June 21 committee hearing.

The Russian legislature is scheduled to vote this month on membership in the World Trade Organization. If the measure passes, Russia will join the Geneva-based trade forum as soon as August.

That would benefit American exporters, except for a 1974 trade law that restricted trade with the Soviet Union. Under WTO rules, all members are supposed to grant each other permanent normal trade ties.

If Congress doesn't repeal the law's Jackson-Vanik Amendment, U.S. companies may lose out on tariff reductions and potential deals in Russia, according to U.S. businesses and officials.

"Our businesses and our innovators and exporters will be at a competitive disadvantage compared to their global counterparts," U.S. Trade Representative Ron Kirk told the Senate finance panel on June 21.

The United States also won't be able to use the WTO's dispute-resolution process in dealing with Russia, he said.

U.S. lawmakers have 16 working days to act before leaving for a five-week recess, according to the Coalition for U.S.-Russia Trade, an organization led by 22 U.S. companies and industry groups such as the U.S. Chamber of Commerce.

Texas, Illinois, California and New York may be the biggest beneficiaries of improved trade status. Those states exported about \$3.5 billion in goods to Russia last year, including beef, mining equipment and General Electric-manufactured turbine parts, according to the Business Roundtable.

Even with the pressure from corporate America and the White House, U.S. lawmakers may not act as quickly as supporters would like.

"It's going to be pretty tough" for Congress to vote on repeal of trade restrictions before November, Andrew Kuchins, director of the Russia and Eurasia Program at the Center for Strategic and International Studies in Washington, said in a phone interview.

"I don't think that the administration really wants to have a broad debate about its Russia policy" before the elections, he said.

Republicans are also reluctant to support an Obama foreign-policy goal, and members of both parties want to see more support from the White House, Kuchins said.

While Senate Finance Committee Chairman Max Baucus, a Montana Democrat, said that his panel later this month would consider a bill to repeal the trade restrictions, companion legislation doesn't yet exist in the House.

Lawmakers from both parties want to attach to trade legislation a separate measure imposing financial and travel restrictions on human-rights violators in Russia. Baucus has said he is willing to take such action.

The House Foreign Affairs Committee on June 7 passed such a bill, named for Sergei Magnitsky, an anti-corruption lawyer who died in a Moscow jail in 2009.

The 37-year-old was arrested after accusing officials of embezzlement and was beaten and denied medical treatment while in custody.

While the U.S. should improve its trade ties with Russia, "there has to be action on Magnitsky," Representative Sander Levin of Michigan, the top Democrat on the House Ways and Means Committee, told reporters after a hearing on June 20.

The White House disagrees.

"We do have concerns about human rights in Russia, and we have concerns in particular about this case," Secretary of State Hillary Clinton said June 27 during a visit to Finland. "We think there is a way of expressing those concerns without derailing the relationship."

Ways and Means Committee Chairman Dave Camp, a Michigan Republican, has said he plans to push for a bill without the human-rights provision attached.

Sergei Kislyak, Russia's ambassador to the United States, has warned of an unspecified reprisal if the United States attaches the human-rights bill to trade legislation.

Supporters of the Magnitsky measure aren't flinching.

"I don't know what they would do," Levin said of potential Russian retaliation. The measure will be linked to the trade bill "one way or another."

Original url:

<https://www.themoscowtimes.com/2012/07/05/us-businesses-favor-increasing-trade-ties-a16041>