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Japan Files WTO Dispute Against Russia Over Car Import Levy

By The Moscow Times

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GENEVA, Switzerland — Japan has filed a trade complaint against Russia over a fee it levies on car imports, the World Trade Organization (WTO) said Wednesday, following a similar move by the European Union.

Russia says the fee offsets the cost of recycling cars, but its critics say it is effectively an illegal tax on imports since it does not apply to cars made in Russia, nor Belarus and Kazakhstan, which have a customs union with Russia.

The WTO complaints, the first against Russia since it joined the world trade body in August last year, reflect a global battle between governments desperate for economic growth.

Russia's objections to opening up its car market, Europe's second biggest, were already a major sticking point in its 18 year negotiation to join the WTO.

Firms such as General Motors, Ford, Renault and Fiat are betting on Russian car demand growing, but Russia now expects it to shrink by up to 4 percent this year, making the fight for market share even more fierce.

If Russia cannot deal with the EU and Japanese complaints over the negotiating table within 60 days, the complainants could ask the WTO to adjudicate, with an end goal of forcing Moscow to change its rules or face trade sanctions.

The U.S. will also join the challenge to Russia, U.S. Trade Representative Michael Froman said last week.

It has yet to formally notify the WTO of a complaint, but it is one of four countries, along with Japan, Turkey and China, that have asked to be an observer at EU-Russia talks aimed at averting formal litigation on the dispute.

The United States told the WTO that between September 2012 and May 2013, the fee was levied on $1.25 billion of U.S. exports, more than 10 percent of total U.S. exports to Russia.

The EU said 10 billion euros ($13.2 billion) of its exports were affected annually.

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