



A Breakthrough on Trade with Russia

Anders Åslund assesses the impending Russian accession to the World Trade Organization—and the chances the United States will fail to take advantage of it.

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Steve Weisman: After many years of discussion and negotiation, Russia is on the verge finally of acceding to the World Trade Organization. This is Steve Weisman with Anders Åslund, senior fellow at the Peterson Institute, to explain the significance of that accession and what the United States must now do to take advantage of it. Anders, what needs to happen for the US to gain from this development?

Anders Åslund: The big thing here is that Russia is now joining the World Trade Organization, and this happens without any vote here in Washington. But, for the US to benefit from it, the US Congress has to graduate Russia, or repeal the Jackson-Vanik Amendment for Russia. And this means that there won't be any annual reviews any longer to grant Russia normal trading relations. For the WTO, there has to be a permanent normal trade relation.

Steve Weisman: Is there going to be a problem in repealing the Jackson-Vanik Amendment, which dates from the 1970s and the Cold War, and bars normal trade relations with countries that restrict emigration?

Anders Åslund: In principle, it shouldn't be a problem. But it's always a problem to get a vote from the Congress, of course when everybody asks, "What's in it for me?" The question here is if there is something that should be added to the bill, if there should be some conditions on the human rights, or if there should be an alternative review process of how Russia manages human rights.

Steve Weisman: If there were such an amendment or an alternative review process enacted, what would Russian reaction be?

Anders Åslund: It would, of course, be highly negative.

Steve Weisman: And it would take the form of?

Anders Åslund: It would be a more negative reaction to the United States. Usually Russia responds in the kind you can see now, when a number of Russian officials have been refused a visa to the United States because of their involvement in the death of this young lawyer, Sergei Magnitsky. Then Russian officials say that they are going to take actions against US officials that were involved in the extradition of this arms trader Viktor Bout, from Thailand to the United States.

Steve Weisman: Should Permanent Normal Trade Relations not be established, what would we lose out?

Anders Åslund: The peculiar thing is that all the advantages that had been negotiated through the WTO accession – and this is thousands of pages -- would not apply to the United States. But it would apply to all other countries. So all these many years of negotiations would, from a US point of view, be in vain, because the WTO regulations would not apply to trade between Russia and the United States.

Steve Weisman: What are the prospects of exporting goods and services to Russia once this is passed?

Anders Åslund: I have calculated that this should lead to approximately doubling of US exports to Russia, from \$9 billion to \$19 billion over a period of half a decade.

Steve Weisman: In a variety of areas?

Anders Åslund: There are some specific areas where the US exports a lot to Russia, primarily agricultural goods, high-tech end manufacturing.

Steve Weisman: Has the Obama administration embarked on a campaign to win approval of this?

Anders Åslund: President Obama said immediately after the agreement in the working party in Geneva, on Russia's accession to the WTO, that he would now embark on trying to get Russia graduated from the Jackson-Vanik Amendment.

Steve Weisman: Have you seen evidence of their doing that?

Anders Åslund: It's just a few days-

Steve Weisman: It's a little early.

Anders Åslund: So we are now waiting to see a policy develop.

Steve Weisman: What's the time table for getting this completed?

Anders Åslund: Russia will be approved on the 15th of December by the WTO Ministerial Conference for Membership of the WTO. Then Russia has exactly half a year to ratify its accession to the WTO. After that it takes one month from the notification by Russia of its ratification to the WTO before Russia formally becomes of a member of the WTO.

Steve Weisman: This has to happen in the next six or eight months?

Anders Åslund: Within the next six months.

Steve Weisman: Thank you, Anders.

Anders Åslund: Thank you.

