



Breakthrough on Approval of a Trade Accord with Russia

Anders Åslund explains that a bipartisan deal that would tie a human rights measure to improved trade status with Russia appears headed for Congressional approval.

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Steve Weisman: There appears to have been a breakthrough in the effort to get Congressional passage for Permanent Normal Trade Relations [PNTR] status to Russia, a priority of the Obama administration -- and also something supported by Anders Åslund and the Peterson Institute. This is Steve Weisman with Anders. Tell me what has happened this week.

Anders Åslund: Something very important: a Senate Finance Committee agreed unanimously on adopting normal trade relations for Russia. At the same time [it] adopted the so called Magnitsky Bill on human rights in Russia, and it went through unanimously.

Steve Weisman: The Magnitsky Bill was something that people didn't oppose in principle but were concerned about tying to the trade legislation. How did they finesse that?

Anders Åslund: It turned out that PNTR for Russia could only go through the Senate if the Magnitsky Bill was adopted, too. The reason was that Washington in general and the Senate, of course, also are quite wary of President Vladimir Putin's policies on human rights, clamping down on them, and also on the Russian policy on Syria. In this situation, there wasn't really another way for Senator Max Baucus, the [Montana] Democrat who has been pushing the PNTR issue.

Steve Weisman: Remind the readers and listeners what the Magnitsky bill would do?

Anders Åslund: It would essentially mean that a number of people who have been involved in human rights violations in Russia, in particular in the death of a young lawyer, Sergei Magnitsky in jail, should be punished in three ways: first not getting visas; secondly, having their assets in the United States frozen; and third, be put up on a 'name and shame' list of the State Department.

Steve Weisman: In imposing these requirements, they're lifting the old Jackson Vanik measure, which punished Russia over its emigration policies, like trading one set of restrictions for another?

Anders Åslund: Yes. The Jackson Vanik amendment to the US Trade Law of 1974 was useful at its time. It did lead to this massive free emigration of Jews from the Soviet Union in the second half of the 1970s. But today it's totally obsolete. It applies to a country, the Soviet Union, that no longer exists.

It concerns an issue that is no longer a problem, free emigration. It would apply means that were so draconian that all trade between Russia and the United States would have stopped. So it could not be used for any purpose. There is a concern about human rights rather than free emigration in Russia, and therefore this is an updated legislation.

Steve Weisman: But the Magnitsky bill doesn't include a trade sanction.

Anders Åslund: No. The idea here is very much that you should hit where it hurts. You should not hit against Russia as a country and even less against Russians as a people.

Steve Weisman: And also where it hurts US economic interests.

Anders Åslund: Yes, but you should hit the officials who have misbehaved.

Steve Weisman: Does Russia find this acceptable. Could they retaliate?

Anders Åslund: I would argue that Russia has already retaliated through this new law against the Non-Governmental Organizations [NGOs] in Russia. They have to register now as foreign agents—which sounds very ominous in Russia—if they have received any money from foreign sources.

Steve Weisman: That went through the Duma last week, I think.

Anders Åslund: Indeed.

Steve Weisman: Is that going to shut down the National Endowment for Democracy activities in Russia and other things?

Anders Åslund: It would be a severe impediment to their activities. I doubt that they have started all the rules for it as yet, so that they know how to behave in the future.

Steve Weisman: But does Russia have to revise its trade understandings or anything by this tying of the Magnitsky Bill to the trade status legislation?

Anders Åslund: No. The whole thing that happened now is that the United States granted itself all the rights of Russia's accession to the World Trade Organization that have been negotiated for 18 years.

Steve Weisman: Right.

Anders Åslund: And if the United States had not granted Russia Permanent Normal Trade Relations, the consequence would have been that US companies would have been severely discriminated against on the Russian market and that would be entirely on the US side. So it makes no sense not to graduate Russia from a Jackson Vanik amendment.

Steve Weisman: Remind me of the volume of trade that this could produce?

Anders Åslund: Last year, total US exports to Russia were \$11 billion -- \$8 billion of merchandise trade, \$3 billion of services. And our assessment [with Gary Hufbauer] is that US exports now can jump to \$22 billion by 2017.

Steve Weisman: You have watched this very closely. Was there evidence that Republicans and Democrats in Congress were working together constructively on this?

Anders Åslund: It's a bit funny. The person who has driven it in the Senate is Senator Max Baucus, who is very progressive on the trade issues, always in favor of supporting US exporters. The people who have been hesitant have been on the one hand, Senator Ben Cardin [of Maryland] on the Democratic side, who is the person pushing hardest for human rights there, and Republicans like Orrin Hatch [R-Utah], who have been very skeptical of Russia for foreign policy reasons.

And in the House of Representatives, the big promoter of Permanent Normal Trade Relations for Russia is [Rep.] David Camp [of Michigan], a Republican Chairman of Ways and Means Committee, while the Democrats in the House of Representatives are not so excited about it because they are not so interested in free trade. So it's quite a complicated picture and as a result of that, we're really seeing bipartisan action.

Steve Weisman: Thank you, Anders.

