



Normal Trade Relations with Russia Clears the House

Anders Åslund analyzes the factors that led to overwhelming approval in the US House of Representatives establishing normal trade relations with Russia but imposing penalties for Russian human rights violations.

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Steve Weisman: The House of Representatives has passed legislation establishing Permanent Normal Trade Relations [PNTR] between Russia and the United States. The Senate has yet to act. Anders Åslund of the Peterson Institute for International Economics is here with me, Steve Weisman, to discuss the significance of this action. Anders, first, what does the legislation do?

Anders Åslund: First, it will only become legislation if the Senate also approves it, which will probably happen immediately after Thanksgiving, and the President signs it, which is an obvious thing that he will do. It means three different things. First it is Permanent Normal Trade Relations for Russia. Second, it is also Permanent Normal Trade Relations for Moldova, a small hang-on. The third is about the so-called Magnitsky Act, an act that means the United States will not give visas to human rights violators from Russia; that their assets in this country may be frozen and also that there will be a “name and shame” list of these people published.

Steve Weisman: Russia obviously doesn't like the Magnitsky piece of this. But does that matter?

Anders Åslund: I don't think it does. Russia has already undertaken big actions before the adoption of the Magnitsky Act. Russia has kicked out USAID from Russia. Russia has finished the Nunn-Lugar cooperation on denuclearization. And Russia has adopted legislation that means that non-governmental organizations in Russia that receive foreign funds will have to register as foreign agents, etc. So Russia has already done quite a lot and it's also striking back. The Russian reaction to the Magnitsky Act passing the House was pronounced by a Deputy Minister for Foreign Affairs. That's about the lowest official level you get.

Steve Weisman: Let's come back to lifting of trade restrictions on Russia. Remind us of how much this is going to benefit the United States.

Anders Åslund: Our assessment with Gary Hufbauer is that this will double U.S. exports to Russia from \$11 billion in 2011 to \$22 billion in 2017. This is both goods and services.

Steve Weisman: This is one trade bill that commanded broad support, not only among Republicans, who usually support trade expansion, but also Democrats. That's because the Magnitsky bill was attached?

Anders Åslund: Yes, I think so. The majority was massive -- 365 votes for and 43 against, a 90 percent majority. You hardly see anything passing the House with such a majority, and it's indeed because the Republicans voted for free trade and many of the Democrats voted for human rights.

Steve Weisman: In another conversation, we can talk about US-Russia cooperation in political and strategic areas. But apparently you don't see these human rights issues as having a huge impact on US-Russia relations.

- Anders Åslund: What is the most important U.S. – Russia cooperation today? That is U.S. and allied deliveries through the former Soviet Union to Afghanistan. Neither side talks about that because that's going very well. The Russians appreciate that the U.S. and its allies are doing this job against the Taliban in Afghanistan, and they don't mind that there is a U.S. presence in Central Asia now because it also is a counterbalance to China.
- Steve Weisman: But President [Vladimir] Putin has also said some positive things about President Obama's re-election, hasn't he?
- Anders Åslund: Yes. This is the typical Russian politics. You don't give anything to U.S. administration in the last year, before a Presidential election and you're always nice to a newly elected President. So Putin has just followed the ordinary Soviet Russian pattern of foreign policy.
- Steve Weisman: But it's going to be benefitting from the PNTR passing?
- Anders Åslund: Yes. President Putin now seems really interested in cooperation with the big American companies. The most striking is Exxon Mobile now getting into one of the huge oil exploration projects together with Russian state company Rosneft in the Arctic Sea, north of Russia.
- Steve Weisman: Thank you Anders.

