

# The Office of the United States Trade Representative

## Factsheet on U.S. – Russia WTO Bilateral Market Access Agreement

11/10/2006

The United States and Russia have reached agreement in principle on a bilateral market access deal in the context of Russia's efforts to join the WTO, and are in the process of finalizing the details. We hope to sign the Agreement in Hanoi on the margins of the APEC meetings next week. Both sides are consulting with domestic constituencies on the results.

### The Agreement:

- Creates new market access opportunities for U.S. providers of goods and services to the Russian market. It is a strong commercial agreement that should strengthen economic relations between our countries.
- Addresses long-standing trade irritants between the two sides and puts our trade relations on a more cooperative course, particularly with respect to agriculture where our veterinary services will work closer together.
- Sets the stage for an intensification of work in the multilateral phase of negotiations where the United States will work in close collaboration with Russia and other trading partners on Russia's Protocol of Accession and Working Party Report.
- Encourages greater transparency and a strengthening of the rule of law in Russia and fosters economic reform in Russia, which will improve the conditions for expanded commercial relations between our countries.

### Highlights and Key Results:

#### **Agriculture:**

- Russia is almost a \$1 billion export market for U.S. agriculture products, and our largest export market for poultry.
- The 2003 Bilateral Meat Agreement, which covered beef, pork and poultry, will continue to be in force through 2009. Our WTO Bilateral Market Access Agreement provides the framework for Russia's post-2009 treatment of these key products in the WTO.
- We also resolved long-standing issues that had impeded U.S. agricultural exports of beef, pork, poultry, and products of biotechnology. These commitments take effect upon signature of the bilateral market access agreement.
- The tariff commitments will benefit U.S. farmers, ranchers, and food processors of wheat, corn, barley, apples, pears, grapes, raisins, almonds, walnuts, pistachio nuts, dairy, soybeans, soybean meal, soybean oil, pet food, pork, beef and poultry, among others, once Russia joins the WTO and we apply the agreement.

## **Industrial Goods:**

- Russia is currently a \$2 to \$3 billion market annually for U.S. industrial and consumer goods and is one of our fastest growing markets.
- Russia agreed to cut tariffs on manufactured goods to an average of 8 percent. Industrial goods important to the U.S. – Russian commercial relationship will realize even larger tariff cuts. Sectors that will benefit from substantial tariff cuts include civil aircraft and parts, medical and scientific equipment, agriculture, power generation and construction equipment, information technology, and chemicals.
- Russia also will establish a much more transparent system for the import of electronic goods with encryption, a major U.S. export, which permits a simple one-time notification of many products and sets specific ground rules for granting licenses for products that require an import license. We will be working with the Russian side on the details of this system.

## **Services:**

- Russia agreed to provide improved market access for U.S. service suppliers in a broad range of important sectors, including audiovisual, construction, distribution, express delivery, engineering, environmental, financial, telecommunications, fixed satellite, and business services.
- On banking and securities, Russia agreed to allow up to 100 percent foreign ownership of banks, broker dealers, and investment companies upon accession.
- On insurance, Russia will allow foreign insurance companies to operate through subsidiaries, including 100% foreign-owned non-life insurance companies, and branching after a transition period.
- Russia retains the discretion to impose limits on new foreign direct investment in the banking and insurance sectors, if the ratio of foreign investment (excluding many investments) to total investment in the sector exceeds 50 percent.

## **Intellectual Property Rights:**

- Together we agreed to a binding blueprint for actions to address piracy and counterfeiting and improve protection and enforcement of intellectual property rights before Russia completes its accession to the WTO. This agreement sets the stage for further progress with Russia on IPR issues through the next phase of multilateral WTO negotiations so that Russia will fully implement TRIPS upon accession.
- Russia has agreed to take specific actions, and to enact laws by specific dates, to fight optical disk piracy and internet piracy, and work to enact laws by specific dates to protect pharmaceutical test data, establish tougher criminal penalties for IP crimes, strengthen border enforcement, and bring its IPR legislation into line with international norms. There are specific deadlines built into the agreement.
- Russia has committed to fully implement the TRIPS Agreement and other IPR-related international agreements upon accession, and to ensure that any changes to its existing legislative regime for IPR, including those made in the context of Part IV of the Civil Code, do not reduce consistency with key international IPR standards.