

The Office of the United States Trade Representative

United States, Russia Sign Bilateral WTO Market Access Agreement: Negotiations on WTO Membership Now Move to the Multilateral Phase

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Hanoi - U.S. Trade Representative Susan C. Schwab and Russian Minister of Trade and Economic Development German Gref today signed a bilateral market access agreement that is an important element in Russia's accession to the World Trade Organization (WTO). Completion of this bilateral agreement marks a significant milestone in Russia's bid to join the WTO.

"I am pleased that we have concluded this important agreement in connection with Russia's WTO accession negotiations. This is a strong and far-reaching commercial agreement that meets the high standards of President Bush's market-opening trade agenda and moves Russia closer to full integration into the global, rules-based trading system. Russia has become an increasingly important destination for American agricultural goods, a range of services, and manufactured products – and as Russia's market opens further as a result of its WTO membership, its importance will only grow," Ambassador Schwab stated.

The bilateral agreement will create significant new opportunities for U.S. producers and exporters of industrial and agricultural goods, as well as U.S. services providers, when it enters into effect. The agreement also provides for the immediate implementation of some market opening actions for industrial and agricultural goods. The agreement resolves long-standing bilateral issues related to trade in agricultural goods, and also puts in place a strong and enforceable bilateral blueprint for protection and enforcement of intellectual property rights (IPR). Implementation of the commitments on IPR, agriculture, and industrial goods will be essential to completing the final multilateral negotiations on the overall accession package.

"We worked through many difficult issues and the agreement sets the stage for closer cooperation in many commercial areas, as well as moving Russia closer to joining the WTO's rules-based trading system and reinforcing Russia's economic reforms, which is so essential to Russia's own growth and development," said Ambassador Schwab.

"It is significant that our signing takes place on the margins of the meeting of the Asia-Pacific Leaders. APEC represents the most dynamic trading region of the world. Russia is an important Pacific partner and WTO Membership ultimately will strengthen our cooperation in economic matters. We will work diligently with other APEC Members, our trading partners, and Russia on the multilateral aspects of the accession negotiation. We still have work to do, but today's agreement puts new energy and momentum into the negotiating process. We will continue to work

closely with domestic stakeholders and the U.S. Congress in the next phase of the negotiations," added Schwab.

BACKGROUND

The WTO bilateral market access agreement signed today will generate significant benefits and resolves many issues in agriculture. Effective immediately, Russia will apply international norms and science-based measures that address impediments to U.S. agricultural exports of beef and beef by-products and pork and pork by-products and products of biotechnology. Russia's government has confirmed its commitment to compliance with existing bilateral agreements (e.g., the bilateral Meat Agreement) and application of internationally recognized SPS measures with regard to agricultural trade.

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, wine, poultry, pork, and beef, among others, will benefit from the market access provisions of the bilateral agreement.

Russia's tariff commitments include participation in the Information Technology Agreement (ITA), which will result in the duty-free entry of IT products, such as computers and semiconductors. Russia has also agreed to substantially reduce its tariffs on both wide body and narrow body civil aircraft and parts. Tariffs on chemical products are harmonized at 5.5 and 6.5 percent, in accordance with the Chemical Tariff Harmonization Agreement, and Russia will reduce tariffs on construction and agricultural equipment, scientific equipment, and medical devices. Russia's tariffs, when fully implemented, will average 5 percent in these sectors. And Russia's overall bound tariff rate on industrial and consumer products will average around 8 percent.

With respect to other non-tariff barriers, the agreement sets out an understanding on procedures for importing technology products with encryption (such as mobile phones, operating systems, and other products). In addition, Russia will reduce export duties on ferrous (steel) scrap and eliminate its export duty on copper cathode.

Russia has undertaken market access and national treatment commitments in a wide array of commercially significant services sectors. U.S. service suppliers will benefit, in particular, from more open access in infrastructure services sectors such as telecommunications (including satellite services), computer and related services, express delivery, distribution, financial services and audio visual services.

The bilateral market access agreement also includes important provisions that will strengthen IPR protection in Russia. Under the terms of the agreement, Russia will take action, starting immediately, to address piracy and counterfeiting and further improve its laws on IPR protection and enforcement, both stated priorities of the Russian Government, which has confirmed its commitment to implementing this agreement. The agreement also sets the stage for further progress on IPR issues in the ongoing multilateral negotiations.

Russia and other WTO members must complete the multilateral part of these

negotiations before Russia becomes a WTO member and its WTO commitments go into effect. In addition, for U.S. farmers, ranchers, businesses and investors to enjoy the benefits of many of Russia's commitments, Congress will need to enact legislation terminating application of the Jackson-Vanik amendment to Russia and authorizing the grant of permanent normal trade relations (PNTR) to Russia.

Russia has been negotiating its terms of accession to the WTO, and previously the General Agreement on Tariffs and Trade 1947 (GATT), since 1993. The next step in Russia's accession process is completion of multilateral negotiations on a Working Party Report and Protocol of Accession that details the changes Russia will make to bring its trade regime into conformity with WTO rules.