

Leading Russian Politician Urges Expanded Trade

*Richmond Times-Dispatch, by John Reid Blackwell
July 13, 2011*

The United States should repeal a Cold War-era law that might hinder expanded trade opportunities with Russia if the former communist country successfully joins the World Trade Organization, one of Russia's leading politicians said in a visit to the Richmond area Tuesday.

"The Cold War is over. We are not enemies anymore," said Mikhail V. Margelov, a member of the Federation Council of Russia and chairman of its foreign-affairs committee.

"We want to be an integral and indivisible part of the international community, primarily the international economic community," Margelov said a breakfast meeting with state and local officials at the Williams Mullen law firm in downtown Richmond.

Gov. Bob McDonnell and other officials attended the meeting, along with representatives from DuPont Co. and Philip Morris International, which sell products in Russia.

Margelov serves in Russia's equivalent of the U.S. Senate and is a special representative in Africa for Russian President Dmitry Medvedev.

He also spoke at the University of Richmond and attended a World Affairs Council reception as part of a visit to the United States to advocate expanded trade and Russia's ascension to the WTO.

Russia has been seeking to join the WTO for 17 years, and the U.S. and the European Union have voiced support for that. The Obama administration has pushed to get Russia into the WTO by the end of the year, saying it would benefit the U.S. economy.

A major hurdle is Russia's troubled relationship with its neighboring country Georgia, a former Soviet republic. The two nations fought a war in 2008 over disputed territory, and the much smaller Georgia, a WTO member, has resisted Russia's membership in the organization. The countries have been negotiating the issue at talks in Switzerland.

"We are not surprised" at Georgia's posture, Margelov said in an interview. "We just want to separate political and economic issues. That is why we think that the talks we are having may lead to positive results."

Margelov and Edward Verona, the president and chief executive of the U.S.-Russia Business Council, said the United States, including Virginia, would benefit from Russia's ascension to the WTO.

Virginia exported about \$173.8 million worth of goods to Russia in 2010. That was up from \$159 million in 2009 but down from \$182 million in 2008. Since 2006, exports from Virginia to Russia have grown 48 percent from \$117 million.

Industrial machinery is Virginia's largest export to Russia, followed by agricultural products. But Verona said Russia has a huge potential market for consumer goods, too.

"We think that (U.S. exporters) have really barely begun to tap the potential of the Russian market," said Verona, who attended the meetings with Margelov. Russia "has 140 million

people, and a very significant part of that is a middle class that has emerged over the last decade with a lot of disposable income."

Yet Margelov and Verona said U.S. companies would be at a disadvantage if Congress does not repeal a law they called a relic of the Cold War era: the Jackson-Vanik amendment, a 1974 federal law still on the books that denies most-favored-nation trade status to certain countries that restrict emigration.

The law was intended as a response to policies in the Soviet Union and other communist nations at that time that restricted intellectuals, Jews and other minority groups from immigrating to the West.

While the law won't prevent Russia's ascension to the WTO, it could hinder U.S. efforts to expand trade once that happens, they said.

"When we get membership in WTO, that will become your problem," Margelov said at the morning meeting. "It will become a problem for American companies that want to develop business in Russia, export to Russia and want to get Russian investors to come and invest here in the United States and create jobs."

Margelov and his wife, Svetlana, are Civil War buffs, so they also visited some historic sites in the Richmond area Tuesday. Their trip will include visits to the Raleigh-Durham area and Charlotte, N.C.; and Columbia and Charleston, S.C. this week.