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#### **Obama pushing for JV repeal – it’s a battle and his top priority – passage is key to the economy**

Reuters Jul 19 2012, “US Senate panel approves Russia trade, rights bill”, Doug Palmer, http://in.reuters.com/article/2012/07/18/usa-russia-trade-idINL2E8II9S320120718

WASHINGTON, July 18 (Reuters) - The Senate Finance Committee on Wednesday unanimously approved a bill to ensure U.S. exporters share in the benefits of Russia's accession to the World Trade Organization but also to punish Russian officials for human rights violations.

The legislation still faces an uphill battle to be passed before U.S. elections in November because of concern over Russia's ties to Syria and Iran that make it a politically difficult vote for some lawmakers.

But supporters hoped the committee's strong bipartisan vote improved chances the full Senate and House of Representatives will consider the bill before U.S. lawmakers leave in two weeks for their month-long recess and Russia joins the WTO in August.

"If we miss that deadline, American farmers, ranchers and businesses will lose out to the other 154 members of the WTO," Senate Finance Committee Chairman Max Baucus, a Democrat, said.

In addition, including new human rights legislation in the trade bill makes it unsavory to Moscow, which views those provisions as an intrusion in its affairs.

The Obama administration welcomed the committee's vote on a combined trade and human rights bill, but it said its main priority was establishing "permanent normal trade relations," or PNTR, by terminating a Cold War-era provision known as the Jackson-Vanik amendment.

That measure is at odds with WTO rules requiring members to give equal treatment to exports from all other members on an unconditional basis and is the reason that Congress is under pressure to pass the trade legislation.

"We applaud the Senate Finance Committee's action today, and look forward to working with Congress to advance America's interests with regard to Russia's WTO accession as quickly as possible," U.S. Trade Representative Ron Kirk said.

The 1974 Jackson-Vanik amendment tied favorable U.S. tariff rates on Russian goods to the rights of Russian Jews to emigrate freely. It is mostly symbolic now because both Democratic and Republican administrations have judged Russia to be in compliance since the 1990s. But it remains on the books.

If Congress does not act, Russia could deny U.S. firms some of the market-opening concessions it made to join the WTO, putting those companies at a disadvantage to foreign competitors in one of the world's 10-largest economies.

"Given the slow growth of our economy and continued high unemployment rate, we simply cannot allow that to happen," said Senator Orrin Hatch, the panel's top Republican.

[Link]

#### Critical to propel the recovery.

Rogin 2/22/12 Josh “Baucus meets Medvedev ahead of Russia trade debate” http://thecable.foreignpolicy.com/posts/2012/02/22/baucus\_meets\_medvedev\_ahead\_of\_russia\_trade\_debate

In a press release before his trip, Baucus argued that granting PNTR status for Russia could result in a doubling of U.S. exports to Russia, which now stand at about $9 billion per year. He also argued that a package of concessions Russia made to the United States before being invited to join the WTO would result in benefits for U.S. animal and agricultural industries and will result in Russia tamping down its own domestic agricultural subsidies. "Opening doors overseas in countries like Russia will propel our economic recovery forward and create jobs across the United States," Baucus said. "Holding Russia to its promises as it enters the WTO and seeking a greater share of the Russian market is a one-way economic benefit for the United States and an absolute no-brainer." Baucus' home state of Montana is a major beef exporter and Russia is currently the fifth largest importer of American beef. Baucus has touted Russia's agreement to reduce beef tariffs as part of its WTO accession.

## **Will Pass**

#### **UV Passage is close – bipart momentum, business pressure are making it more likely**

Vicki Needham, “Senate Finance unanimously approves bill to normalize trade with Russia” - 07/18/2012 07:35 PM ET

Senators cleared the first hurdle to extending permanent normal trade relations to Russia on Wednesday amid uncertainty about the chances of moving similar legislation through the House.

The Senate Finance Committee unanimously approved a measure combining a repeal of Jackson-Vanik, an obsolete Cold War-era provision, with a human-rights measure that would punish Russian officials involved in the death of whistleblowing lawyer Sergei Magnitsky. But division between the House and Senate, combined with a tight deadline, has cast doubt on whether Congress will pass a trade bill before Russia joins the World Trade Organization next month. Unless Congress acts to normalize relations, U.S. businesses could be at a disadvantage against foreign competitors that sell to Russia. “By enacting [permanent normalized trade relations] together with the Magnitsky bill, we are replacing Jackson-Vanik with legislation that addresses the corruption and accountability issues that Russia confronts today,” Senate Finance Committee Chairman Max Baucus (D-Mont.) said. Baucus argued that the show of bipartisan support — he and ranking member Orrin Hatch (R-Utah) hammered out a compromise — could boost the bill’s chances. He expressed optimism that the Senate would vote on the measure before Russia joins the World Trade Organization, but conceded that Senate leadership hasn’t indicated whether it will take up the bill. Senate Majority Whip Dick Durbin (D-Ill.) cast doubt on holding a vote before the August recess. “I have not heard it discussed in terms of being scheduled before the recess,” he told The Hill. But the unanimous vote on the Finance Committee might be enough to sway Senate leadership to consider the measure. During the past several weeks, business groups such as the U.S. Chamber of Commerce and Business Roundtable have ramped up their push for passage of a trade bill before lawmakers leave town for the summer break. “This is a huge message to the House and is the momentum burst the business community has been hoping for,” Christopher Wenk, senior director of international policy at the Chamber, told The Hill. “This is the one issue in Washington with bipartisan support in the House and the Senate that can be signed by the president; there’s no other issue out there. This is a fantastic outcome.” Despite some discord, Wenk said he’s confident Congress can get a bill to President Obama before the August recess. Another business group, the National Foreign Trade Council (NFTC), supports the trade-relations bill but is still opposed to the Magnitsky language. The measure, “which addresses legitimate human-rights concerns, contains a number of problematic provisions that will unnecessarily complicate U.S.-Russia relations and create a new global unilateral sanction regime for the U.S. government to use against virtually any foreign person for vaguely defined reasons,” said NFTC President Bill Reinsch. But there was a glimmer of hope that the bill could start to move in the House. House Ways and Means ranking member Sandy Levin (D-Mich.) said Wednesday he supports the bill that cleared Senate Finance and urged the panel to mark up the legislation. “The outcome of that action is a strong bill that addresses the outstanding issues that we have raised,” Levin said. House Ways and Means Chairman Dave Camp (R-Mich.), who has called for a clean measure, said Wednesday that he intends to introduce a bill soon.

## **Vote Soon**

#### The vote is in 12 days, it can pass

Reuters Jul 19 2012, “US Senate panel approves Russia trade, rights bill”, Doug Palmer, http://in.reuters.com/article/2012/07/18/usa-russia-trade-idINL2E8II9S320120718

QUICK ACTION REQUIRED

U.S. lawmakers have fewer than 12 legislative days left before their month-long August recess, requiring quick action in both chambers of Congress to get the trade bill approved. But the White House push to pass PNTR comes at a low point in U.S.-Russia relations, with many U.S. lawmakers angry over Moscow's support for the government of Syrian President Bashar al-Assad in the face of a 16-month-old uprising. Many lawmakers also are loathe to lift the Jackson-Vanik amendment without passing new legislation to punish Russia for perceived human rights abuses. That prompted Baucus to add the so-called "Magnitsky bill," already passed by two other congressional committees, to the Russian trade bill. It is named after Sergei Magnitsky, an anti-corruption Russian lawyer who died in 2009 after a year in Russian jails. The measure directs the State Department to publish the names and deny visas to people believed responsible for the detention, abuse or death of Magnitsky, and for the Treasury Department to freeze their assets. It would also punish other human rights abusers in Russia or anywhere in the world, and allow certain members of Congress to suggest individuals to be put on the sanctions list. "What this bill does is hold gross violators of internationally recognized human rights accountable," said Senator Ben Cardin, a Democrat who has been a driving force behind the Magnitsky bill. Moscow strongly opposes the Magnitsky bill. "Really, the last thing we want is for the anti-Soviet Jackson-Vanik amendment to be replaced with anti-Russian legislation," Deputy Foreign Minister Sergei Ryabkov was quoted as saying on Wednesday by Interfax news agency. Both the Democratic Obama administration and House Ways and Means Committee Chairman Dave Camp, a Republican, have said they would prefer a "clean" PNTR bill, free of any human rights provision that would irritate relations with Russia. But on Wednesday, Camp said he welcomed "the news that the Finance Committee was able to pass bipartisan Russia PNTR legislation today and will carefully study the bill once legislative text is available." Camp also said he planned to introduce his own PNTR bill "in the next few days." He said he was working with the White House to find a Democratic co-sponsor for the legislation in the hopes of winning committee approval as soon as possible. However, top Democrats on the Ways and Means panel urged Camp to take up the Senate Finance Committee version. "We should get Russia PNTR done now -- and this bipartisan bill from the Senate Finance Committee is the right approach," Representative Jim McDermott said. (Reporting By Doug Palmer and additional reporting by Douglas Busvine in Moscow; Editing by Cynthia Osterman and Vicki Allen)

#### **The bill is up for a vote in the next few days**

AP July 18, 2012 Jim Abrams “Senate panel approves trade relations with Russia,” http://www.businessweek.com/ap/2012-07-18/senate-panel-approves-trade-relations-with-russia

On the House side, Ways and Means Committee Chairman Dave Camp, R-Mich., welcomed the Senate's action and said he intended to introduce a bill in the next few days. He said he was working with the White House to find a Democratic co-sponsor so the bill could move through his committee on a bipartisan basis.

The bill also establishes permanent normal trade relations with Moldova. Baucus said the former Soviet republic, which joined the WTO in 2001, is the only WTO member that does not have permanent trade status with the United States.

## \*\*Key to Econ

#### Repeal is critical to jumpstart the recovery – exports.

Griswold & Petersen Feb. 2012 Daniel Griswold is director of the Herbert A. Steifel Center for Trade Policy Studies at the Cato Institute. Douglas Petersen is a former research assistant at the center. Russia Joins the WTO Why this is good for the United States IMPACT ANALYSIS Issues Impacting Global Business January-February 2012 A Publication of Manzella Trade Communications www.businessworldwidetv.com/\_downloads/impact\_analysis.pdf

As a condition of membership in the WTO, all members are expected to grant unconditional most-favored nation (MFN) status to all other members. This means each WTO member must offer the same level of market access to other members without attaching special conditions to that access. Continued application of Jackson-Vanik to Russia would be a violation of unconditional MFN status, since it depends on Congress granting renewal each year. If Congress does not grant PNTR to Russia by repealing Jackson-Vanik, then the enhanced market-access commitments Russia has made in its accession protocol would not apply to exports from the United States. Producers in the other 150-plus members would enjoy those benefits but not producers in the United States. The stakes are high. Russia is a major yet still underdeveloped market for a range of American exports, from poultry to aircraft. If U.S. exporters are not granted the more favorable access under Russia’s accession pro-tocol, they will face discriminatory tariffs that will put them at a disad-vantage against competitors in other major trading nations. That market share, once lost, would be difficult to regain. Granting PNTR to Russia thus becomes important to promoting U.S. trade as a sustainable boost to the sputtering U.S. economy.

#### Billions of dollars of trade and investment.

Jacob Barron, CICP, NACM staff writer 2/23/12 National Association of Credit Management Enews “Senate Finance Chair Seeks Common Ground with Russia on Trade” <http://www.nacm.org/enews/968-enews-feb-23-2012.html>

Lingering concerns about intellectual property rights and market access for U.S. companies have led Baucus and his colleagues to urge both the WTO and the U.S. Trade Representative to hold Russia to a very high standard as the country joins the global trade collective. Much is at stake when it comes to the country's accession: while U.S. exports to Russia currently average about $9 billion a year, that number is expected to double within five years as a result of Russia joining the WTO. "Expanding trade with Russia could mean billions of dollars of new opportunities for American businesses, ranchers and farmers and create thousands of jobs here at home. But Russia has to play by the rules, and having Russia in the WTO will help to make that happen," said Baucus, highlighting some specific barriers still handicapping the U.S.-Russia trade relationship. "Russia has made progress opening its economy over the past two decades, and it's critical this progress continues through its WTO accession. Russia now needs to end its unscientific barriers to agricultural products like beef, poultry, pork and dairy, and it needs to improve enforcement of intellectual property rights." "Establishing permanent normal trade relations with Russia would be a major boost for our exports and will help us address these serious issues in the WTO," he added. Baucus met with Russian President Dmitry Medvedev, as well as First Deputy Prime Minister Igor Shugalov, who serves as Russia's top official on economic and trade issues, and Minister of Economic Development Elvira Nabiullina.

#### Critical to US businesses

Senate Finance Committee News Release 2/22/12 Congressional Documents and Publications February 22, 2012 Baucus Tours John Deere Facility in Russia to See U.S. Export Success Story; Finance Chair in Russia to Pursue New Trade Opportunities for U.S. Businesses, Ranchers, Farmers to Create U.S. Jobs; Lexis

Senate Finance Committee Chairman Max Baucus (D-Mont.) today toured a John Deere assembly facility in Russia, where the company imports high-tech manufactured parts from the U.S., finishes the final stages of production and sells them to Russian consumers. Baucus called it an international trade "success story," because John Deere's sales in Russia boost the American economy and provide jobs at home by relying on skilled American workers. John Deere's U.S. suppliers include three from Montana. Baucus stressed that giving more companies opportunities to expand abroad will enable companies like these in Montana and across the country to grow and create jobs. Baucus is in Russia this week pursuing new trade opportunities for U.S. businesses, ranchers and farmers, including through permanent normal trade relations (PNTR) with Russia as part of its accession to the World Trade Organization (WTO). Congress must approve Russia PNTR this year in order to capitalize on market access for U.S. exports that Russia's WTO accession will provide. Doing so could give more companies like John Deere opportunities to create valuable, high-tech manufacturing jobs in the U.S. by expanding sales in Russia. "John Deere is an example of how expanding trade abroad can boost our economy and create jobs in Montana and across the United States. This is a success story, and passing permanent normal trade relations for Russia will help more businesses repeat it," Baucus said. "Passing permanent normal trade relations for Russia gives us access to the Russian market without the United States giving up anything in return. We need to capitalize this kind of one-way benefit that helps our economy and our businesses by providing jobs and growth here in the U.S., all at no cost to us whatsoever." WTO Members formally invited Russia to join the WTO in December 2011. Under the rules governing the accession process, Russia will become a WTO Member 30 days after it ratifies its accession agreement, which it must do by early July. If by that point Congress has not passed legislation providing Russia with PNTR, the United States would not receive the full benefits of Russia joining the WTO and U.S. businesses could lose out on lucrative business opportunities. U.S. exports to Russia, currently $9 billion per year, are expected to double within five years as a result of Russia joining the WTO. Baucus, along with his fellow trade leaders in Congress, has insisted on holding Russia to a high standard through the WTO accession process to guarantee that American ranchers, farmers, workers and businesses benefit.

### JV k2 Relations

#### JV repeal is part of the overall reset. Now is a key time to reassure both sides of a positive relationship. If Congress refuses to grant PNTR it will make relations worse on every other issue.

Jacqueline McLaren Miller 8/15/11 The Reset: Down - but not Out

senior associate at the EastWest Institute <http://www.ewi.info/reset-down-not-out>

This is far from the only issue bedeviling U.S.-Russia relations. The ongoing application of the Jackson-Vanik amendment to the 1974 Trade Act, which links trade relations to emigration practices, is a long-standing source of Russian ire (see earlier article). Presidents Clinton, Bush, and Obama have been unable to get Congress to graduate Russia from the amendment and grant permanent normal trade relations. Ballistic missile defense also continues to spark controversy. Obama’s decision to move away from Bush’s planned deployment of assets in Poland and the Czech Republic provided just a momentary lull. And the lingering fallout from Russia’s 2008 invasion of Georgia continues to provide ample opportunities for mutual recriminations, including a leaked U.S. intelligence report linking a Russian intelligence official to a bombing near the U.S. embassy in Tbilisi. Despite these contentious issues, the reset has scored some significant successes. To be sure, it was slow to deliver on its initial promises. The negotiations for New START dragged on for over a year, allowing START to expire. After finally concluding negotiations with Russia, the Obama administration had another hard-fought battle in the Senate to get the treaty ratified. But the entry into force of the New START treaty was one of the major foreign policy successes for the Obama administration and its reset policy. There has also been progress in addressing other strategic U.S. concerns, most significantly Iran and Afghanistan. Washington secured Russian agreement on both over-flight rights for lethal cargo and overland transit of non-lethal cargo to resupply the Afghanistan effort. This took pressure off the Pakistan supply route—now estimated to be used for only 35 percent of supply efforts as compared to about 90 percent two years ago. And Russia recently agreed to expand the distribution network by allowing two-way transit and overland shipment of lethal goods. The United States was also able to gain Russian and Chinese support for sanctions against Iran because of that country’s continued intransigence on international inspection of its nuclear enrichment facilities. The benefits of the reset have been mutual, as demonstrated by New START. Moscow also had reason to be particularly pleased when the U. S. implemented the 123 civilian nuclear agreement, laying out the parameters of peaceful nuclear cooperation with Russia that needed to be in place before U.S. and Russian companies could expand commercial collaboration. After the Russian invasion of Georgia, it had been withdrawn from congressional consideration. Another success of the reset is firm U.S. backing for Russia’s World Trade Organization aspirations. It is expected that Russia’s tortured 18-year application process may finally come to an end at this December’s WTO ministerial in Geneva. Russia is the largest economy outside of the organization and Medvedev’s ambitious modernization program needs the benefits of WTO membership What both sides need to understand is that the reset offers the best hope of maintaining cooperation on key areas of mutual concern and keeping inevitable disagreements within reasonable bounds. To that end, leaders in Moscow and Washington should deliver that message to their highly skeptical domestic constituencies more often. The Obama administration needs to undertake a sustained effort with a Congress that is still deeply suspicious of Russia and could still undermine the reset, especially during an election year. And Russian leaders should think twice before they engage in the kind of rhetorical overkill that only fuels Cold War thinking. Angry rhetoric won’t disappear anytime soon, but it needs to be kept in check. Otherwise, both sides are likely to lose out.

### Jackson-Vanik’s negative effect on relations is magnified by Russian accession to the WTO. It must be now repealed to eliminate it as major irritant to relations.

Jacqueline McLaren Miller 4/7/11 senior associate at the EastWest Institute.The WTO and the Reset http://www.ewi.info/wto-and-reset

The Jackson-Vanik amendment to the 1974 Trade Act denies permanent normal trade relations (PNTR) to non-market economies that restrict emigration. The amendment was passed unanimously by both houses of Congress to pressure the Soviet Union to allow Soviet Jews to emigrate. In 1994, the Clinton administration found Russia to be in full compliance with the amendment’s freedom-of-emigration requirements. And in 2002, the United States officially began describing Russia as a market economy. Presidents Clinton, Bush, and now Obama all declared their intention to work with Congress to repeal the legislation as it applies to Russia, but no action has been taken. The reason: Congress still sees Jackson-Vanik as a lever to punish Russia for its human rights record even when the executive branch is prioritizing the security aspects of the bilateral relationship. Jackson-Vanik’s ongoing application has been a major symbolic irritant in the relationship, even though the United States has granted Russia a waiver every year since 1992. But once Russia joins the WTO, which could happen next year, Jackson-Vanik will go from being a symbol of mistrust to inflicting actual harm both to Russia and the U.S.-Russia relationship. Jackson-Vanik is inconsistent with WTO requirements on unconditional application of most-favored nation status. If Russia enters the WTO and is still subject to Jackson-Vanik, the United States will have to invoke the non-application principle, by which a member can opt out of its obligations to a newly acceded member. The United States has invoked non-application before—and is the only WTO member to have done so. Non-application, however, is reciprocal. U.S. businesses would face market barriers in Russia that other companies would not be subject to. Congressional refusal to pass legislation to permanently graduate Russia from Jackson-Vanik would then hurt the U.S. economy.

### JV key – spills over -Relations

#### Jackson-Vanik repeal spills over to cooperation on nuclear and security issues.

Rehanna Jones-Boutaleb 2011 is a contributor to Foreign Policy In Focus. U.S. And Russia: Where’s The Reset? – Analysis Written by: FPIF August 17, 2011 http://www.eurasiareview.com/17082011-u-s-and-russia-wheres-the-reset/

To open up a real partnership, the United States and Russia should further seize and build on opportunities for economic cooperation. Although major American companies, including Cisco, Chevron, and General Electric, have signed significant deals in Russia, trade and investment ties are far from optimal. As noted by Vice President Joe Biden “the value of goods that cross our borders with Canada and Mexico every few days exceeds the annual value of our trade with Russia.” In 2010, Russia was only the 37th largest export market for the United States, and bilateral trade amounted to merely $23.5 billion, approximately 3.8 percent of Russia’s total external trade. Establishing firmer economic ties could serve as a means of facilitating greater cooperation on security and nuclear fronts. To improve economic ties, a critical step would be the removal of the the Jackson-Vanik amendment, a Cold-War era law that bound trade relations with Russia to emigration rights for religious minorities.

### Cooperation and trade solve other *security* disagreements in the relationship this is the key issue to the Reset.

Rose Gottemoeller 12/30/11 Assistant Secretary of U.S. State Department START turns One December 30, 2011 Russia Beyond the Headlines RBTH: Do you believe that disagreements on missile defense in Europe and Russia’s possible withdrawal from the START treaty could undermine the existing strategic stability? http://rbth.ru/articles/2011/12/30/start\_turns\_one\_14138.html

 Gottemoeller: I think it is useful for all of us to step back and to think about what has been accomplished since the end of Cold War. Now we have a very wide-ranging relationship with the Russian Federation that is positive on a number of fronts. The United States worked very hard with Russia and Georgia in past years to ensure that Russia enters the World Trade Organization (WTO). And that was accomplished last week. On the military front we now work very closely together on the so-called "Northern Distribution Network" and Russia is facilitating movement of NATO military materials to Afghanistan. And that is very important for the operation of the United States and NATO. In the same way we are now working extremely intensively on countering drug trafficking from Afghanistan through Eurasia and Russia into Europe. Those kinds of cooperative efforts are very much to the benefit of Russian society. So we have to step back and ask, why should we undermine each other’s security? I don’t buy the basic premise of this question because our relationship is so much different now and the Cold War is over. I do understand that there have been a lot of concerns in Russia about the missile defense program and so-called European phased adaptive approach…. If there are some particular technical concerns, the U.S. view is that we have to sit down and figure out what these concerns are and through cooperation and transparency really try to assuage Russian concerns.

### JV key to relations – A2 Missile Defense

#### Cooperation and trade solve missile defense disagreements.

Rose Gottemoeller 12/30/11 Assistant Secretary of U.S. State Department START turns One December 30, 2011 Russia Beyond the Headlines RBTH: Do you believe that disagreements on missile defense in Europe and Russia’s possible withdrawal from the START treaty could undermine the existing strategic stability? http://rbth.ru/articles/2011/12/30/start\_turns\_one\_14138.html

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## A2: Time

#### Won’t pass the bill before Russia joins the WTO

AP July 18, 2012 Jim Abrams “Senate panel approves trade relations with Russia,” http://www.businessweek.com/ap/2012-07-18/senate-panel-approves-trade-relations-with-russia

It appears unlikely that Congress can act on the trade bill before Russia formally enters the WTO. Congress has only two more weeks before it takes off for its August recess, time likely to be taken up by election-related tax and spending bills.