

## Needless delay on Russia trade bill costs US economy

Bill Watson - August 21, 2012

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On Wednesday, Russia will finally join the World Trade [Organization](#) after 18 years of negotiations concluded last December. Russia will abolish protectionist regulations, reform burdensome institutions, subject itself to international scrutiny, and open its market to products and services from all 150-plus members of the WTO.

Well, except for those from the United States, because Congress failed to pass one uncontroversial piece of legislation prior to the August recess.

Congress has had eight months to repeal the obsolete law that prevents U.S. consumers and businesses from enjoying the benefits of Russia's WTO membership. The 1974 Jackson-Vanik Amendment effectively made trade with the Soviet Union conditional on certification by the president that the communist country did not place undue restrictions on Jewish emigration. This law would be a flagrant violation of WTO rules requiring unconditional most-favored-nation treatment among all members.

No one in Congress advocates keeping Jackson-Vanik in place, but its repeal has been repeatedly delayed by political concerns that have no bearing on the benefits the U.S. will gain from open trade with Russia. The Peterson Institute for International Economics has estimated that increased access to Russia's market due to its entry into the WTO will increase annual U.S. exports to Russia to \$22 billion — double the current \$11 billion — within five years.

Repealing Jackson-Vanik would allow the U.S. to grant Russia permanent normal trade relations status (PNTR). Without such a move, existing trade barriers to U.S. products and services will remain intact, while other countries will enjoy greater access to Russia's market. Every day that Congress delays, the economic opportunities created by Russia's new openness will diminish.

Lingering critics of PNTR complain that Russia will not abide by its WTO commitments, particularly in the areas of protectionist food [safety](#) regulation and intellectual property enforcement. These concerns may be justified, but denying PNTR would merely prevent effective challenges of these practices by denying the United States access to WTO dispute settlement.

Congress failed to pass PNTR this summer not because of serious resistance to free trade, but because of repeated attempts to tie the legislation to unrelated issues. The most prominent tie-in has been a piece of legislation called the

“Magnitsky bill,” designed to punish human rights offenders in Russia by barring them from the United States and freezing their assets.

Putting the two initiatives together seems appropriate to many, since Jackson-Vanik’s original purpose was to address human rights problems in Russia, albeit in a ham-fisted and ineffective manner. Unfortunately, tying Magnitsky to the repeal of Jackson-Vanik needlessly delayed granting PNTR, because leaders in Congress took months to decide whether the Magnitsky bill should apply only to Russia or should be broadened to sanction human rights offenders everywhere, and whether to have a single vote on both Magnitsky and PNTR or to pass them separately.

These issues were reconciled in late July and passage of PNTR seemed imminent, until House Republicans got nervous about looking soft on Russia in an election year. In response to the conflict in Syria, Russia’s involvement in supporting the Assad regime, and possibly Mitt Romney’s aggressive declaration that Russia is America’s “number one geopolitical foe,” Republican leaders have demanded that congressional Democrats and President Obama show more public support for PNTR before they schedule a vote. That way no one will be able to bring up the vote during election campaigns.

The [liberty](#) of all Americans to trade across our border and the resulting economic opportunity should never depend on how news coverage of a foreign civil war will impact re-election campaigns. This is especially true in this case, because granting PNTR to Russia does not in any way signify acceptance of Russian foreign policy. On the contrary, the consequence would only be greater obligations on Russia to improve access for U.S. goods and services. Free trade is an essential component of economic freedom and is inherently anti-authoritarian. WTO membership makes the people of Russia freer; the ability to engage Russian policy at the WTO through dispute settlement empowers the U.S. government to help the Russian people escape harmful state intervention in their lives.

It’s impossible to know for certain when this Congress will vote on PNTR or if they’ll vote on it at all. Repealing Jackson-Vanik, accepting the benefits of Russia’s long-awaited WTO membership, and punishing human rights offenders are all uncontroversial proposals that most members of Congress are ready to support. A little bit of courage, and the realization that there is no downside to granting PNTR to Russia, ought to be enough to get this package through Congress.

Until then, every passing day represents wasted opportunities for economic growth and real job creation, something that might matter a good deal at the ballot [box](#) in November.

*Bill Watson is a trade policy analyst at the Cato Institute's Herbert A Stiefel Center for Trade Policy Studies.*