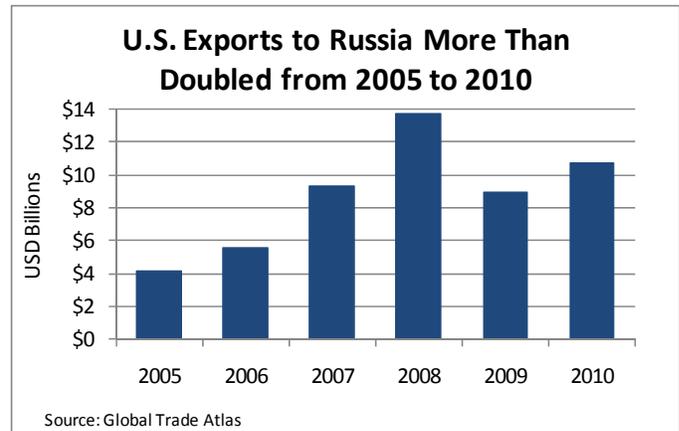




Russia's Accession to the World Trade Organization (WTO): Opportunities for U.S. Companies, Farms, and Workers

U.S. - Russia Trade – An Important and Expanding Relationship

- In 2010, Russia imported \$10.7 billion in goods from the United States. The United States was Russia's fourth largest source of imports in 2010.
- U.S. exports to Russia have grown significantly over the past decade. In particular, Russian purchases of U.S.-produced goods doubled between 2005 and 2010.
- The top U.S. goods exports to Russia in 2010 included: machinery, aerospace (aircraft), optical and medical instruments, automotive and other transportation vehicles, electrical machinery, meat, and pharmaceutical products.
- Russia is an important goods export market for many states. In 2010, Texas, California, Illinois, New York, Washington, Georgia, Oklahoma, North Carolina, Virginia, and New Jersey each exported over \$150 million in goods to Russia.
- A total of 6,358 U.S. companies exported goods to Russia in 2008. Eighty-four percent (5,333) of those companies were small and medium-sized enterprises (SMEs), with fewer than 500 employees.



The Growing Russian Market

- With over 140 million consumers, Russia remains one of the most promising markets for U.S. exporters.
- Russia's 2010 GDP of nearly \$1.5 trillion makes it the world's 11th largest economy. Russia is the largest economy outside of the WTO.
- Russia's economy is expected to see annual average real growth of 4 percent from 2011 to 2015.
- Russia has a growing middle class and its estimated 2010 per capita GDP of \$15,837 is significantly above that of any of the other "BRICS" markets: Brazil's per capita GDP is \$11,239, South Africa's is \$10,498, China's is \$7,519, and India's is \$3,339.

Benefits from Russia's Accession to the WTO

- The WTO provides a forum for enforcing U.S. rights under the WTO Agreements to ensure that Americans receive the many benefits of the United States' WTO membership. The expansion of the WTO to include new members strengthens the global trading system and opens new and more secure markets to American exporters.
- Russia's membership in the WTO will benefit U.S. economic interests directly by integrating Russia into a rule-based system governing trade, and by providing the means to enforce those rules and Russia's market access commitments. Furthermore, Russia's membership in the WTO will give American companies greater and more predictable access to Russia's growing markets, expanding both U.S. exports and employment.
- Russia's accession to the WTO will create new market access opportunities for U.S. exporters in one of the world's fastest growing markets. Russian tariffs on industrial products will be bound at an average of 7 percent. The concessions obtained on these exports to Russia are most significant in the information technology, civil aircraft, chemicals, and capital goods and equipment sectors:
 - *Information Technology and Telecommunications Equipment:* Russia has committed to join the Information Technology Agreement (ITA), providing duty free treatment on all ITA products within three years.
 - *Civil Aircraft:* Russia's tariff concessions will yield significant market access opportunities for the U.S. civil aircraft industry. Tariffs on wide body aircraft will be reduced from 20 percent to 7.5 percent.
 - *Chemicals:* Russia has agreed to harmonize tariffs on chemical products along the processing chain in a manner generally consistent with the rates agreed under the Chemical Tariff Harmonization Agreement.
 - *Capital Goods and Equipment:* Russia has agreed to substantial tariff reductions on construction and agricultural equipment, scientific equipment, and medical devices.
- As part of its WTO accession, Russia will bind its tariffs on all agricultural products, thereby providing more predictability on its tariff rates once Russia joins the WTO. 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.
- 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 process of WTO accession has already shown benefits for intellectual property rights (IPR) protection, as Russia has passed long-awaited legislation. Furthermore, Russian accession will provide, through WTO trade policy monitoring and dispute settlement, an ongoing mechanism to promote effective Russian protection and enforcement of IPR.

Sources: Global Trade Atlas- Calculation based on import data as reported by Russia; U.S. Department of Commerce, Census Bureau; International Monetary Fund; World Bank; Office of the United States Trade Representative; The White House. Estimated 2010 per capita GDP figures are based on purchasing power parity (PPP).