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## Conclusion

Russia's commitment to join the World Trade Organization remains firm. Russia's president, Dmitri Medvedev, has repeatedly emphasized this point:

Russia's accession to the WTO is not about following the fashion but is a step we must take. We have spent much time and effort on this.... I hope that this process will soon be completed. I have said on past occasions that we do not seek WTO membership at any price. For all our respect for this international institution it is a means of achieving our aims and not an aim unto itself. But it is a means that we must have at our disposal in order to be able to speak a common language and put ourselves on a level playing field with our partners.<sup>1</sup>

Prime Minister Vladimir Putin, who is poised to become president once again, came out in favor of WTO accession after announcing his bid to return to the presidency and at the same time as Russia's endeavors to join the organization accelerated to a final spurt. In October 2011, he provided a clear answer to the question whether it would be good or bad for Russia to join the WTO: "I will say it is fifty-fifty, but overall there are probably more pluses than minuses for Russia. We are not abandoning this goal, and we are ready to join the WTO in full, but we will do so only if they do not set unacceptable terms for Russia."<sup>2</sup> Putin, who is known to be skeptical of the WTO, lacked enthusiasm but expressed clear determination to join.

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1. Responses to Questions from German Political, Parliamentary and Civic Leaders, June 5, 2008, [www.kremlin.ru](http://www.kremlin.ru) (accessed on June 12, 2008).

2. Prime Minister Vladimir Putin Takes Part in the VTB Capital 'Russia Calling!' Investment Forum, October 6, 2011, [www.premier.gov.ru](http://www.premier.gov.ru) (accessed on October 7, 2011).

In its WTO accession negotiations, Russia has offered numerous concessions of great importance to the United States, the international community, and to its own economy. Following accession, Russia is more likely to embark on the path of reform and improve business conditions for US and other foreign business firms. WTO accession thus provides a stepping stone for the United States and Russia to realize the overdue potential of their bilateral economic relations. However, Russia's membership in the WTO does not mean that the United States will automatically qualify for the Russian concessions. Many of these benefits are tied to the decision by the US Congress to grant permanent normal trade relations to Russia.

The Jackson-Vanik Amendment, the law that needs to be repealed to grant Russia PNTR status, is a relic of a distant past and does not set the right tone for US-Russia economic relations in the 21st century. Russia no longer restricts emigration, and the penalties associated with Jackson-Vanik—imposition of Smoot-Hawley tariffs—are simply too draconian to be applied. The amendment clearly prevents the United States from enjoying the concrete economic benefits from Russia's accession. Without PNTR, US firms and workers will be put at a distinct competitive disadvantage in the Russian market.

The Russian economy is growing fast and already belongs to the world's top ten economies. The rapid rise of the Russian economy is creating vast opportunities for foreign producers, in both trade and investment, and global firms are responding accordingly. Russian imports, exports, and inward foreign investment all quadrupled between 2002 and 2011 but enormous potential for improvement exists. Russia is too high a prize for the United States to ignore.

Russia also ranks among the wealthiest emerging-market countries. Russia's relatively high income has created a large number of sophisticated consumers, making it an attractive market for US producers. This market already exists and will only grow larger.

In sum, Russia's accession to the WTO and a favorable PNTR decision could bring many concrete benefits for the US economy:

- PNTR will ensure that the best available conditions of access to the Russian market offered to foreign firms are also offered to US firms, through both trade and investment in the fast-growing Russian economy. This could result in a doubling of US exports of goods and services to Russia from roughly \$11 billion in 2011 to \$22 billion by 2017.
- Agricultural exports could more than double within just a few years. Gains would result not just from improved access for US meats but also from a sharp increase in US exports of food and beverages that today are marginally present in the Russian market (e.g., wine, temperate fruits, and tree nuts).
- A doubling of manufactured exports is well within reach, driven by the stronger performance of US pharmaceutical and aircraft exports and accompanied by important sectors such as transportation equipment

and machinery. US manufacturing exports will be boosted not just by the increased market access but also by higher US foreign direct investment (FDI) in Russia.

- The greatest effects are expected in the services sector, which has been strictly protected by formal and informal barriers. WTO accession talks have already resulted in increased market access commitments for telecommunications, finance, and insurance, which are all of prime interest to US services providers. Given US competitiveness in services, Russia's WTO accession will lead to a larger commercial presence of US services providers through FDI as Russia agrees to loosen its ownership caps in these sectors.

