

COUNCIL FOR INTERNATIONAL TRADE

CALIFORNIA CHAMBER of COMMERCE



June 19, 2012

California Delegation
US House of Representatives
Washington, DC 20005
VIA FACSMILE

Dear Representative:

RE: PERMANENT NORMAL TRADE RELATIONS (PNTR) WITH RUSSIA

The undersigned members of the California Coalition for Free Trade urge you to approve legislation to extend Permanent Normal Trade Relations (PNTR) with Russia this summer.

The California Coalition for Free Trade was initiated in May of 2008 by the California Chamber of Commerce Council for International Trade. This group of California companies and business organizations believe that opening markets and promoting trade rules are critical for California's economy. The California Coalition for Free Trade is a broad-based group of companies and business organizations working to secure a national free trade agenda.

In a welcome development for American workers, farmers, and companies, Russia will join the World Trade Organization (WTO) this summer. Russia is by far the largest economy in the world that has yet to join the WTO, and doing so will require Moscow to further open its market, safeguard intellectual property and investments, and strengthen the rule of law. The result will be more US exports and more American jobs, as US companies see huge potential in Russia.

This legislation is crucial in order for U.S. manufacturers, service providers, agricultural producers and their employees to take advantage of the many market opening and transparency commitments that form Russia's accession package to the World Trade Organization. PNTR also gives the United States a powerful tool by enabling the United States to ensure that Russia abides by those commitments through internationally binding WTO dispute settlement.

The United States will not get the full benefits of these market-opening reforms, however, unless Congress approves a short and simple bill establishing PNTR for Russia and moving it beyond the outdated requirements of a 1974 law known as the Jackson-Vanik amendment.

The Jackson-Vanik amendment to the Trade Act of 1974 was enacted with the chief purpose of ending the policy that prevented emigration of Jews from the then-Soviet Union. With respect to Russia, the Jackson-Vanik amendment has successfully accomplished its objective. Russia terminated its exit fees on Jewish emigrants in 1991, and today Russian Jews freely emigrate to Israel and elsewhere.

Since 1992, US presidents of both parties have certified annually that Russia complies with the Jackson-Vanik amendment's provisions, and this has allowed the United States to maintain Normal Trade Relations (NTR) status with Russia. Now is the time for Congress to end this certification process and make this normal trading status permanent.

Since no other WTO member has a law similar to Jackson-Vanik, all of Russia's trading partners except the United States will immediately benefit when Russia joins the WTO, which is expected to happen by mid-summer. If Congress fails to enact PNTR with Russia before then, US industry will be on the sidelines of Russia's market, at a disadvantage for lucrative contracts, and without the full tools provided by a WTO relationship.

Failure to approve PNTR, thereby removing Russia from Jackson-Vanik requirements, would put the United States at a unique disadvantage in the Russian market. Meanwhile, European and Asian companies will be able to build on their already significant head start in tapping the growing Russian market.

Russia is the world's 11th largest economy and is already Europe's largest consumer market. Russia also has exhibited a growing demand for high quality goods and services. Yet many of Russia's WTO commitments that will greatly improve its business climate, such as its adherence to the rules of the international trading system regarding intellectual property rights, science- and risk-based regulation for animal and plant health, and liberalizations in key sectors such as services will be out of the United States' reach -- unless Congress passes Russia PNTR legislation.

Of the top 15 US trading partners, Russia was the market where American companies enjoyed the fastest export growth last year (38%). Approval of this legislation will translate directly into new export sales and jobs in the United States. The President's Export Council estimates that US exports to Russia—which, according to estimates, topped \$11 billion in 2011 — could double or triple once Russia joins the WTO. Meanwhile, the United States gives up nothing — not a single tariff — in approving PNTR with Russia.

Russia is an important part of US business' global strategy to create and sustain jobs at home by enhancing our long-term competitiveness abroad. Many US companies have developed vibrant, profitable and rapidly-growing business and trade with Russia, with clear strategic benefits to parent companies, exports from, and employment in, the United States. Without PNTR, US companies and their employees will be left behind our competitors in this growing and profitable market.

We strongly urge you to act this summer to approve PNTR and graduate Russia from the Jackson-Vanik Amendment. Thank you for your consideration.

Sincerely,

The California Coalition for Free Trade
(members listed below)

California Coalition for Free Trade June 2012

- Applied Materials, Inc.
- Arrowhead Credit Union
 - Bear Creek Winery
- Blue Diamond Growers
- California Business Ventures
- Cange International Inc.
 - Caterpillar Inc.
 - Chevron
 - Citigroup, Inc.
- CNA Insurance Companies
 - De Avila Law Firm
 - DHL Express
 - East Bay CITD
 - El Camino College CITD
- Express Employment Professionals
- Fernandez Barragan & Associates
 - Fillner Construction Inc.
 - Foxx Hunter Farms
 - Gathers Strategies, Inc.
 - General Electric
- HBLA Certified Public Accountant
- Herbalife International of America, Inc.
 - Hewlett Packard
- Hitchcock Automotive Resources
- Hitchcock Commercial Properties
- Holtouse, Carlin & VanTright
 - Hunter International
 - Intel Corporation
- International Information Specialists
- International Technical Services
 - Ironstone Vineyards
- Irvine Chamber of Commerce
 - John Kautz Farms
 - Kikkoman Foods Inc.
 - LA Metro Hispanic Chambers of Commerce
 - Long Beach Area Chamber of Commerce
 - Los Angeles Area Chamber of Commerce
- Lyles Diversified, Inc.
- McKenna, Long & Aldridge
 - Merrill Lynch - Mill Valley
- Montebello Chamber of Commerce
 - Monterey Bay International Trade Assn
- Moon Shot Communications
 - News Corporation / Fox Entertainment Group
 - North County BMW
 - Northern California World Trade Center
 - Northridge Toyota
- OceanWind International Inc.
- Oliva Global Communications
 - Oracle Corporation
- Orange County Bus. Council
 - Otis McAllister, Inc.
 - Pacific Resources
 - Paramount Farms
- Paulson Manufacturing Corporation
 - Port of Long Beach
 - Port of Los Angeles
 - Puente Hills Toyota
 - RB International
 - Ruiz Foods
 - Safeway, Inc.
- San Dimas Chamber of Commerce
 - Silicon Valley CITD
 - South Bay BMW
 - So. Orange Cty Reg Chambers of Commerce
 - SunWest Foods, Inc
 - The Boeing Company
 - The California Parks Co.
- The Dow Chemical Company
- The Walt Disney Company
 - Tradeport.org
- Toyota of Santa Barbara
 - Voiland Enterprises
 - WJ Byrnes & Co.