

October 26, 2012

California Congressional Delegation
United States House of Representatives
Washington, D.C. 20510

Via Fax

Re: Permanent Normal Trade Relations (PNTR) with Russia - Support

Dear Representative:

On behalf of the California Chamber of Commerce, I urge you to approve legislation to extend Permanent Normal Trade Relations (PNTR) with Russia as quickly as possible following the November election.

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

This legislation is crucial in order for US 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.

As you may know, the California Chamber of Commerce is a broad-based nonprofit membership organization through which business, industry and agriculture join forces to work toward positive action on key issues that affect California's economic climate.

The organization, established in 1890, is the largest and most broadly based employer representative in California. Our members include over 14,000 firms of all kinds and sizes, representing three million jobs--one quarter of the state's private sector workforce, as well as 450 affiliated local chambers of commerce and 200 trade associations.

The California Chamber supports expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.

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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however, unless Congress approves a short and simple bill establishing PNTR for Russia and moving it beyond the outdated requirements of a 1974 law known as the Jackson-Vanik amendment.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 are already benefitting from Russia joining the WTO. If Congress fails to enact PNTR with Russia, US industry will continue to 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 are building on their already significant head start in tapping the growing Russian market.

Russia is the world's 9th largest economy with 140 million increasingly prosperous consumers. 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 following Russia membership in 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.

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The CalChamber, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business. New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

Further, while the CalChamber deplores human rights abuses in Russia and elsewhere around the world, the CalChamber supports extension of PNTR status and accession to the WTO for Russia as an important step toward greater respect for human rights and political freedom for the Russian people. US trade and investment provide crucial support for the entrepreneurial forces in Russian society that advocate further economic and political reform.

US trade with Russia helps to promote values Americans cherish. Approval of PNTR will support Russian entrepreneurs and workers whose prosperity and jobs depend on trade and access to the outside world. The United States should support, not isolate, the segments of Russian society that offer the best hope for further progress toward greater freedom and the rule of law for all of Russia.

Membership in the WTO can be the cornerstone of stable US-Russia commercial relations. Further, the WTO is the foundation for continued dialogue and cooperation among the world's trading partners, and can serve as leverage regarding certain economic issues, thereby giving a chance to supporters of change.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Allan Zaremberg', with a stylized flourish extending to the right.

Allan Zaremberg

AZ:STS:alb