

ClientAlert

International Trade

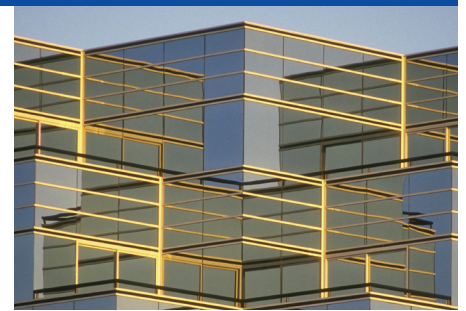
June 2013

USTR Releases Report on US Enforcement Efforts Targeting Russia's Compliance With WTO Commitments

On June 18, 2013, the United States Trade Representative (USTR) released a report titled "Report on WTO Enforcement Actions: Russia" describing USTR enforcement actions to ensure Russia's compliance with its World Trade Organization (WTO) obligations. Pursuant to the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012, which, among other things, extended permanent normal trade relations to Russia, USTR must submit this report annually to the Senate Committee on Finance and the House Committee on Ways and Means.

The report identifies several areas of concern to the United States regarding Russia's compliance with its WTO commitments:

- **Sanitary and Phytosanitary (SPS) Measures.** The report notes that the United States remains concerned over Russia's implementation of certain obligations under the WTO Agreement on Sanitary and Phytosanitary Measures and certain commitments in its Working Party Report, such as: (i) the harmonization of sanitary and veterinary measures with relevant international standards; (ii) the adoption of inspection guidelines in accordance with Codex Alimentarius; and (iii) ensuring that SPS measures that are more stringent than international standards are based on science and risk analyses.
- **Motor Vehicle Recycling Fee.** The report notes concerns over a fee Russia imposes on imported motor vehicles to cover the cost of recycling the vehicles. The recycling fee does not apply to domestic manufacturers who agree to cover the cost of recycling a vehicle at the end of its useful life, thus leading US officials to allege discrimination against foreign manufacturers.
- **Information Technology Agreement (ITA).** As part of its accession, Russia agreed to join the WTO ITA. The report notes concerns over Russia's failure to complete its ITA accession and the omission of several tariff lines from Russia's draft ITA schedule.
- **Intellectual Property Rights (IPR).** To better understand Russia's compliance with the WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPS), USTR has requested through the TRIPS Committee that Russia clarify certain elements of Russia's Civil Code relating to IPR issues, including in regard to licenses and transfer of ownership of IPR, and the operation of laws regarding copyrights, trademarks, industrial design, patents and data protection. USTR has also sought information in regard to Russia's protection of plant varieties and integrated circuits.



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- **Transparency.** The report notes that the United States remains concerned over Russia's failure to publish and notify to the WTO several measures related to trade in goods, services and intellectual property. The United States cited lack of notifications related to the import licensing regime as an area of particular concern. The report also notes the United States' concerns over reportedly inadequate notice and comment procedures regarding technical regulations.
- **Technical Barriers Governing Alcoholic Beverages.** The report notes that the United States remains concerned over certain regulations imposing "burdensome and unnecessary" restrictions on alcoholic beverage storage practices. The report also notes concerns over allegedly duplicative registration requirements on alcohol in Russia at the national level.
- **Safeguard Investigations.** Russia agreed during its WTO accession to ensure that safeguard measures and investigations are consistent with the WTO Agreement on Safeguards, even though the Eurasian Economic Commission (EEC) is the body that conducts safeguard investigations. The United States remains concerned over the EEC's methodology and consistency of its actions with various provisions of the WTO Agreement on Safeguards, particularly in regard to US-origin combine harvesters and modules.
- **Trade-Related Investment Measures.** In regard to compliance with the WTO Agreement on Trade-Related Investment Measures (TRIMS), the report notes concerns over an automotive industry investment incentive regime that allows for the duty-free entry of auto parts used in the production of vehicles that contain a certain level of Russian content. The report also notes concerns over a leasing program of state-owned RosAgroLeasing (RAL) to provide favorable leasing terms to farmers on agriculture equipment "manufactured in the Russian Federation."
- **Government procurement.** The report notes that the United States continues to urge Russia to accede to the WTO Government Procurement Agreement.

The USTR report also emphasizes the positive implications of Russia's accession to the WTO. For example, USTR notes that US exports to Russia increased 29 percent from 2011 to 2012, and were on pace to grow even further in 2013. However, the report does note that USTR will continue to closely monitor developments in order to ensure that Russia is complying with its WTO obligations. Other WTO members have raised similar concerns and Russia has already indicated that it plans to address some of these concerns, such as the motor vehicle recycling fee.

Click [here](#) for a copy of USTR's report on Russia's compliance with its WTO obligations.

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