



# Trade Facts

Office of the United States Trade Representative

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## Results of Bilateral Negotiations on Russia's Accession to the World Trade Organization (WTO)

### Non-Agricultural Goods Market Access

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The United States and Russia have reached agreement in principle on a bilateral market access agreement that, once implemented, will lower tariffs and remove non-tariff barriers for a wide range of U.S. goods and services, including industrial products.

**Tariffs:** Russia's accession to the World Trade Organization (WTO) will expand current access and 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 8 percent, a reduction of approximately 36 percent from rates applied in 2000, the base year for the market access negotiations. Industrial goods important to the U.S. - Russian commercial relationship will realize even larger tariff cuts and will face an average tariff of 6.5 percent in Russia's market.

Industrial goods represent approximately 70 percent of total U.S. exports to Russia, averaging \$2.1 billion between 2003 and 2005. 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:** Russia will join the Information Technology Agreement (ITA). Information technology products from computers to telecommunications equipment will enter the Russian market duty-free in accordance with the ITA. Russia will implement 95 percent of its ITA commitments within three years of accession.
- **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 over 4 years following accession. Civil aircraft parts, including engines, will be reduced to an average of 5 percent. Leased aircraft will also enjoy reduced tariffs. Effective immediately, Russia will provide dramatically reduced tariffs on leased narrow body aircraft with less than 50 seats and with between 115 and 160 seats. Such

aircraft can be made available under leasing agreements entered into between now and January 1, 2011.

- **Chemicals:** Russia has agreed to join the Chemical Tariff Harmonization Agreement. Tariffs on chemical products along the processing chain are harmonized at 5.5 and 6.5 percent in accordance with the Agreement.
- **Capital Goods and Equipment:** Russia has agreed to substantial tariff reductions in construction and agricultural equipment as well as scientific equipment and medical devices. Russian tariffs will average 5 percent in these sectors.

### **Non-tariff Measures**

- **Encryption Technology:** In a significant move to liberalize trade in technology products with encryption (mobile phones, operating systems, and a wide variety of products), Russia will set up a streamlined interim system for the import of goods with encryption capability within three months after signing the U.S.-Russia WTO bilateral market access agreement.
  - Russia will implement transparent, nondiscriminatory, and WTO-compatible procedures and will allow import of most commercially traded information technology and telecommunications goods after a one-time notification, or in some cases, with no encryption-related requirements at all.
  - After evaluating the operation of this interim system, Russia will develop final regulations.
  - Russia and the United States will continue to consult on the treatment of goods with encryption and the operation of its import procedures to further liberalize trade in this area.
- **Metal Scrap:** Russia will reduce export duties on ferrous (steel) scrap to one-third of current levels over the five years following accession, allowing freer trade in this important input to steel. Russia will also eliminate its export duty on copper cathode in the four years after accession.