



Russia's Accession to the WTO

Opportunities for the U.S. Forest Products Sector

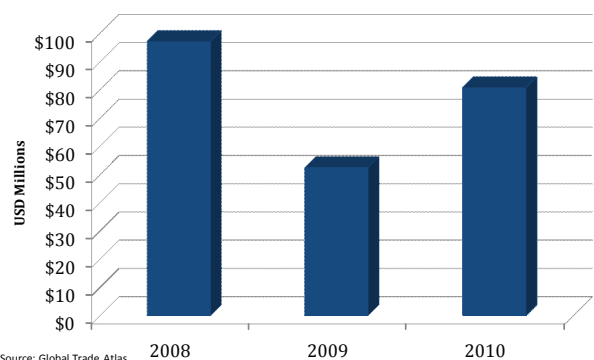
Russia's membership in the WTO will provide significant commercial opportunities for U.S. exporters:

- U.S. manufacturers and exporters will have more certain and predictable market access as a result of Russia's commitment not to raise tariffs on any products above the negotiated rates and to apply non-tariff measures in a uniform and transparent manner.
- Russia agreed to bind all of its tariffs on forest products and, after full implementation of its WTO commitments, Russia will reduce its average tariff on forest products to 7.9 percent.
- To join the WTO, Russia must change its trade regime and implement many trade liberalizing obligations. The United States, by contrast, will merely extend permanently to Russia the same trade treatment it already extends to all other WTO Members, and has extended to Russia every year since 1994.
- Russia's obligations, including those on tariffs and non-tariff measures, will be enforceable through use of WTO dispute settlement.

Forest Product Sector Overview

- The forest product sector accounted for almost \$77 million of U.S. exports to Russia over 2008-2010 (annual average).¹
- Top U.S. forest products exports to Russia include coniferous chemical wood pulp, bleached coated paper and paperboard, oriented strand board, printed books and brochures, and bleached kraft paper and paperboard.
- In 2009, U.S. production of forest products was almost \$209 billion.²
- U.S. SMEs exported almost \$36 million in forest products to Russia in 2008.³
- The U.S. forest products sector employed almost 1.3 million workers in 2009.⁴

U.S. Forest Product Exports to Russia
Averaged \$77 Million



Improved Market Access for U.S. Forest Product Exporters to Russia

- Russia's tariffs on forest products currently average 13.3 percent and go as high as 20 percent.⁵
- After full implementation of its WTO accession commitments, Russia's average tariff on U.S. forest products exports will be reduced to, and bound at, 7.9 percent, with tariffs ranging from zero to 14 percent.

Selected Subsectors:

- **Wood:** Russia's tariffs on wood currently average 15.1 percent and go as high as 20 percent. After full implementation of its WTO accession commitments, Russia's average tariff on U.S. wood exports will be reduced to, and bound at, 8.5 percent.
- **Paper and Paper Products:** Russia's tariffs on paper and paper products currently average 12 percent and go as high as 20 percent. After full implementation of its WTO accession commitments, Russia's average tariff on U.S. paper and paper products exports will be reduced to, and bound at, 7.4 percent.

Key States Exporting to Russia

- Top U.S. states exporting forest products to Russia include: South Carolina, Georgia, Virginia, New York, Mississippi, North Carolina, Ohio, Florida, Pennsylvania, and Texas.

1 Global Trade Atlas. Calculation based on import data as reported by Russia. The definition for wood and lumber export figures used in this report, unless otherwise cited, is based on Harmonized System (HS) Chapters 44, 47, 48, and 49.

2 U.S. Department of Commerce, Census Bureau, select products within NAICS 321, 322, and 323. Shipments used as a best available proxy for production.

3 U.S. Department of Commerce, Census Bureau, NAICS 321, 322, and 323.

4 U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 321, 322, and 323 (not-seasonally adjusted data).

5 The calculated average tariff rates reported in this paper reflect only the ad valorem duty rates contained in Russia's WTO Schedule of Concessions and Commitments on Goods, as well as Russia's applied rates as contained in the Customs Union Common External Tariff.

Other Key Commitments by Russia for the Forest Products Sector

National Treatment:

National treatment requires that imported goods be treated no less favorably than domestically produced products. As a result, Russia cannot impose on imports measures that are more burdensome or stringent, such as additional inspections, higher taxes, or stricter technical requirements, than those applied to domestically produced products.

Customs Valuation and Fees:

The WTO Customs Valuation Agreement and Russia's commitments in its Protocol of Accession, inter alia, establish rules on methods used to determine the value of imports to calculate tariffs. These commitments increase certainty and predictability on this core trade issue. Upon accession, Russia will cut its maximum customs fee, paid to clear imported goods through customs, by about two-thirds. In addition, Russia will establish lower fixed fees for the customs clearance of goods using electronic format or other simplified filing methods, and overall will ensure that its fees related to importation and exportation will not exceed the cost of services rendered.

Sanitary and Phytosanitary Measures:

As a WTO Member, Russia will be obliged to ensure that its sanitary and phytosanitary measures are consistent with the Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures. This Agreement requires that measures imposed to protect human or animal (sanitary) or plant (phytosanitary) life and health be based on science, risk assessments based on the appropriate assessment of the actual risk involved, and do not arbitrarily or unjustifiably discriminate against imports. The Agreement also provides other disciplines on how SPS measures are adopted and applied. For example, governments are required to notify other countries of any proposed changes to SPS requirements which affect trade. Russia and the Customs Union have adopted the legal framework to allow Russia to fully implement its WTO SPS obligations on day one of WTO membership. The United States believes Russia's implementation of

Technical Barriers to Trade/ Standards:

As a WTO Member, Russia and its Customs Union partners will be responsible for implementing the terms of the Agreement on Technical Barriers to Trade (TBT) and standards-related commitments in Russia's Protocol of Accession. The TBT Agreement includes obligations relating to the preparation, adoption, and application of mandatory technical regulations and voluntary standards to avoid the creation of unnecessary barriers to trade. Russia and its Customs Union partners will also assume an obligation to provide a notice and comment process on proposed technical regulations affecting trade in goods, to comply with TBT Agreement rules for conformity assessment procedures, and to use relevant international standards as a basis for their technical regulations, except where ineffective or inappropriate for achieving the legitimate objective. Implementation of these obligations can facilitate trade in almost all products.

Transparency:

Upon accession, Russia will ensure that laws and regulations pertaining to trade in goods, trade in services, or intellectual property rights will be published before they become effective and will be subject to "notice and comment" procedures. Compliance with these rules will not only give interested persons (e.g., U.S. producers and exporters) an opportunity to provide input into the rules governing trade with Russia, but it will also ensure advance notice for any changes. In addition, where Customs Union (CU) authorities have responsibility for WTO issues, such as sanitary and phytosanitary measures, technical barriers to trade, customs issues, and enforcement of intellectual property rights at the CU border, these transparency obligations will apply.