



Russia's Accession to the WTO

Opportunities for the U.S. High-Tech Instruments Sector

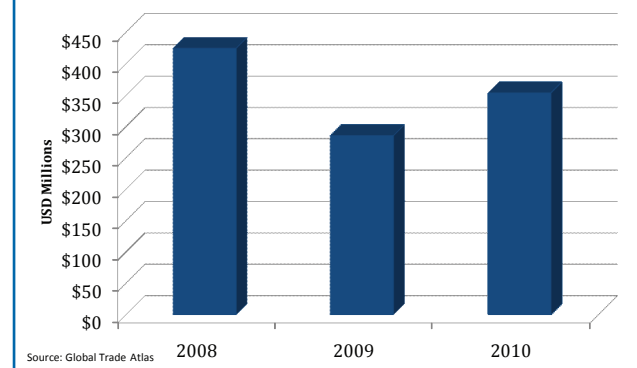
Russia's membership in the WTO will provide significant commercial opportunities for U.S. exporters:

- 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 high-tech instruments and, after full implementation of its WTO commitments, Russia's average tariff on high-tech instruments will be 4.3 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.

High-Tech Instruments Sector Overview

- The high-tech instrument sector accounted for almost \$355 million of U.S. exports to Russia over 2008-2010 (annual average).¹
- Top U.S. instruments exports to Russia include instruments and apparatus for physical or chemical analysis, regulating and controlling instruments, electronic meteorological instruments, spectrometers, spectrophotometers and spectrographs, chromatographs and electrophoresis instruments, hydrological or geophysical instruments, and various measuring and checking surveying instruments.
- In 2009, U.S. production of high-tech instruments exceeded \$43 billion.²
- The U.S. high-tech instrument sector employed over 191,000 workers in 2009.³

U.S. High-Tech Instrument Exports to Russia Averaged \$355 Million



Improved Market Access for U.S. High-Tech Instruments Exporters to Russia

- Russia's tariffs on high-tech instruments currently range up to 20 percent.⁴
- After full implementation of its WTO accession commitments, Russia's average tariff on U.S. high-tech instrument exports will be bound at 4.3 percent, with tariffs ranging from zero to 13 percent.
- Russia committed to binding 86 percent of its tariffs on high-tech instrument at 5 percent or less.

Selected Subsectors:

- *Scientific Equipment:* Russia's tariffs on scientific equipment currently range up to 20 percent. After full implementation of its WTO accession commitments, Russia's average tariff on U.S. scientific equipment exports will be bound at 3.2 percent and the maximum tariff imposed on certain scientific equipment by Russia will be reduced to 13 percent.

¹ Global Trade Atlas. Calculation based on import data as reported by Russia. The definition for instruments used in this report, unless otherwise cited, is based on Harmonized System (HS) Headings 7107, 9001-02, 9011-13, 9015, and 9023-32.

² U.S. Department of Commerce, Census Bureau, selected NAICS codes within 333 and 334. Shipments used as a best available proxy for production.

³ U.S. Department of Labor, Bureau of Labor Statistics.

⁴ 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.

Key States Exporting to Russia

- Top U.S. states exporting high-tech instruments to Russia include: Texas, California, New York, Massachusetts, Ohio, Iowa, Colorado, New Hampshire, Minnesota, and Pennsylvania.

Other Key Commitments by Russia for the High-Tech Instruments 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.

Import Licensing:

Upon accession, Russia and its Customs Union partners will be bound by rules set forth in the WTO Agreement on Import Licensing and Russia's Protocol of Accession, which govern what documents and information can be required of applicants to obtain an import license, the procedures that must be followed, including maximum timeframes for issuing a license, and protections for traders from discriminatory procedures and excessive delays. These rules will bring predictability and transparency to Russia's import licensing regime. Implementation of this Agreement will benefit U.S. exports of a broad range of products subject to "automatic" and "non-automatic" licensing.

Intellectual Property Rights:

Upon accession, Russia will become subject to the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement) which sets out minimum requirements for protecting and enforcing intellectual property rights, including with respect to copyrights and related rights; trademarks; patents; undisclosed information, including trade secrets and pharmaceutical and agricultural chemicals data submitted to obtain marketing approval for pharmaceutical and agricultural chemicals; industrial designs; and semiconductor lay-out designs. The TRIPS Agreement further provides rules governing the enforcement of intellectual property rights, covering, inter alia, civil and administrative procedures and remedies, provisional measures (i.e., preliminary injunctions), customs procedures and criminal procedures. Full implementation of this agreement, which is subject to WTO dispute settlement procedures, will benefit U.S. innovators, producers, and key exports.

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.

Government Procurement:

Within four years of becoming a WTO Member, Russia will commence negotiations to join the WTO's plurilateral Government Procurement Agreement (GPA). Government purchases generally account for 10 percent to 15 percent of a country's GDP. The GPA subjects the purchases covered by the GPA to a system of WTO rules aimed at ensuring that procurement is conducted in a fair, transparent, predictable, and non-discriminatory manner that levels the playing field for foreign suppliers.