



# Russia's Accession to the WTO

## Opportunities for the U.S. Textiles, Apparel, Footwear, and Travel Goods Sector

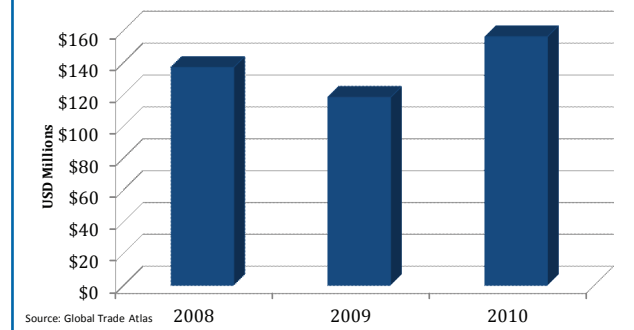
### Russia's membership in the WTO will provide significant commercial opportunities for U.S. exporters:

- 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 textiles, apparel, footwear, and travel goods and, after full implementation of its WTO commitments, Russia's average tariff on textiles, apparel, footwear, and travel goods will be 9.6 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.

### Textiles, Apparel, Footwear, and Travel Goods Sector Overview

- The textiles, apparel, footwear, and travel goods sector accounted for almost \$137 million of U.S. exports to Russia over 2008-2010 (annual average).<sup>1</sup>
- Top U.S. textiles, apparel, footwear, and travel goods exports to Russia include filament fibers of acetate, industrial (technical) fabrics including glass fiber fabrics, floorcoverings, and felt and nonwovens.
- In 2009, U.S. production of textiles, apparel, footwear, and travel goods was \$61 billion.<sup>2</sup>
- The U.S. textiles, apparel, footwear, and travel goods sector employed 451,200 workers in the United States in 2009.<sup>3</sup>
- U.S. SMEs exported over \$21 million in textiles, apparel, footwear, and travel goods to Russia in 2008.<sup>4</sup>

### U.S. Textiles, Apparel, Footwear, and Travel Goods Exports to Russia Averaged \$137 Million



### Improved Market Access for U.S. Textiles, Apparel, Footwear, and Travel Goods Exporters to Russia

- Russia's tariffs on textiles, apparel, footwear, and travel goods currently range up to 20 percent.<sup>5</sup>
- After full implementation of its WTO accession commitments, Russia's average tariffs on U.S. textiles, apparel, footwear, and travel goods exports will be bound at 9.2 percent.

#### Selected Subsectors:

- *Textiles*: Russia's tariffs on textiles products currently average 10.9 percent. After full implementation of its WTO accession commitments, Russia's tariffs on U.S. textiles exports will be reduced to, and bound at, an average of 7.9 percent.
- *Apparel*: After full implementation of its WTO accession commitments, Russia's average tariff on U.S. apparel exports will be bound at 14.5 percent and the maximum tariff imposed on apparel products by Russia will be 17.5 percent.
- *Footwear*: After full implementation of its WTO accession commitments, Russia's average tariff on U.S. footwear exports will be bound at 16 percent.

1 Global Trade Atlas. Calculation based on import data as reported by Russia. The definition for textiles, apparel, footwear and travel goods used in this report, unless otherwise cited, is based on Harmonized System (HS) Chapters 54-64 and in select products in Headings 4202, 5004-5007, 5105-5113, 5204-5212, 5303-5311, 6501-6505, 7019, and 9404.

2 U.S. Department of Commerce, Census Bureau, within NAICS 313, 314, 315 and 316. Shipments used as a best available proxy for production.

3 U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 313, 314, 315, and 316 (non-seasonally adjusted data).

4 U.S. Department of Commerce, Census Bureau, within NAICS 313, 314, 315, and 316.

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.

- *Travel Goods*: Russia's tariffs on travel goods currently average 20 percent. After full implementation of its WTO accession commitments, Russia's average tariff on U.S. travel goods exports will be reduced to, and bound at, 14.1 percent.

## Key States Exporting to Russia

- Top U.S. states exporting textiles, apparel, footwear, and travel goods to Russia include: Tennessee, Virginia, California, North Carolina, New York, Georgia, Texas, Rhode Island, Pennsylvania, and Massachusetts.

## Other Key Commitments by Russia for the Textiles, Apparel, Footwear, and Travel Goods

### 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.

### 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.

### 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.

### Ex Officio Authority to Enforce Intellectual Property Right:

As a result of negotiating its accession to the WTO, Russia has significantly improved the ex officio authority of its customs officials. As a result, Russian Customs inspectors have the power to stop the release of goods suspected of infringing copyright, related rights, trademarks, service marks, and designations of place of origin. Thus, Russian Customs authorities are now further endowed with powers to exercise the function of protecting intellectual property rights in the course of export and import operations, both on the basis of the right holder's application or on Russian Customs' own initiative. This authority is an important tool in Russia's ability to protect intellectual property rights.

### 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.

### 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.

### Distribution Services:

Russia will liberalize the wholesale, retail and franchise sectors, allowing foreign distributors to operate as 100-percent foreign-owned enterprises upon its accession to the WTO. U.S. distributors will be allowed to engage in the distribution of most products with minimal limitations and on terms comparable to those of domestic distributors. In addition, Russia's commitments for distribution provide for direct sales by individual commission agents.