



# Russia's Accession to the WTO

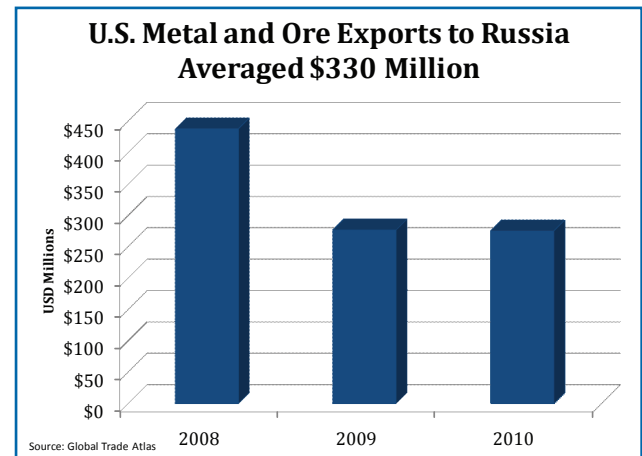
## Opportunities for the U.S. Metals and Ores Sector

### 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 metals and ores and, after full implementation of its WTO commitments, Russia will reduce its average tariff on metals and ores to 7.4 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.

### Metals and Ores Sector Overview

- The metals and ores sector accounted for over \$330 million of U.S. exports to Russia over 2008-2010 (annual average).<sup>1</sup>
- Top U.S. metals and ores exports to Russia include precious metal ores, articles of iron or steel, titanium plates and sheets, drill pipes for oil drilling, and threaded tubes or pipes.
- In 2009, U.S. production of metals and ores products surpassed \$246 billion (or nearly 6 percent of U.S. manufacturing output).<sup>2</sup>
- U.S. SMEs exported almost \$113 million in metals and ores to Russia in 2008.<sup>3</sup>
- The U.S. metals and ores sector employed over 629,000 workers in 2009.<sup>4</sup>



### Improved Market Access for U.S. Metals and Ores Exporters to Russia

- Russia's tariffs on metals and ores currently average 9.2 percent and go as high as 20 percent.<sup>5</sup>
- After full implementation of its WTO accession commitments, Russia's average tariff on U.S. metal and ore exports will be reduced to, and bound at, 7.4 percent.
- Russia committed to binding 57 percent of its tariffs on metals and ores at 5 percent or less.

### Selected Subsectors:

- *Steel*: Russia's tariffs on steel currently average 8.9 percent and go as high as 20 percent. After full implementation of its WTO accession commitments, Russia's average tariff on U.S. steel exports will be reduced to, and bound at, 6.0 percent.
- *Nonferrous Metals*: Russia's tariffs on nonferrous metals currently range up to 20 percent. After full implementation of its WTO accession commitments, Russia's average tariff on U.S. nonferrous metals exports will be bound at 8.5 percent.

1 Global Trade Atlas. Calculation based on import data as reported by Russia. The definition for metals and ores used in this report, unless otherwise cited, includes products within Harmonized System (HS) Chapters 26, 72, 73, 74, 75, 76, 78, 79, 80, 81, and HS Headings 7106 to 7112.

2 U.S. Department of Commerce, Census Bureau, selected NAICS codes within 331, 332, and 339. Shipments used as a best available proxy for production.

3 U.S. Department of Commerce, Census Bureau, NAICS 331 and 332.

4 U.S. Department of Labor, Bureau of Labor Statistics, selected NAICS codes within 331, 332, and 339 (non-seasonally adjusted).

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.

## Key States Exporting to Russia

- Top U.S. states exporting metals and ores to Russia include: Texas, Pennsylvania, Maryland, Florida, Alabama, Louisiana, Illinois, Oregon, Ohio, and Oklahoma.

## Other Key Commitments by Russia for the Metals and Ores 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.

### Trade-Related Investment Measures:

Upon accession, pursuant to the WTO Agreement on Trade-Related Investment Measures, Russia will be prohibited from imposing certain conditions on investing in Russia in order to obtain a benefit from the government. For example, unless specifically "grandfathered" in Russia's Working Party Report, Russia would not be able to impose local content requirements or export requirements as a condition of investing in Russia. Implementation of this Agreement will ensure that companies make investment decisions and business plans based on commercial considerations.

### 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.