



Russia's Accession to the WTO

Opportunities for the U.S. Consumer 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 consumer goods and, after full implementation of its WTO commitments, Russia will reduce its average tariff on consumer goods to 10.3 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.

Consumer Goods Sector Overview

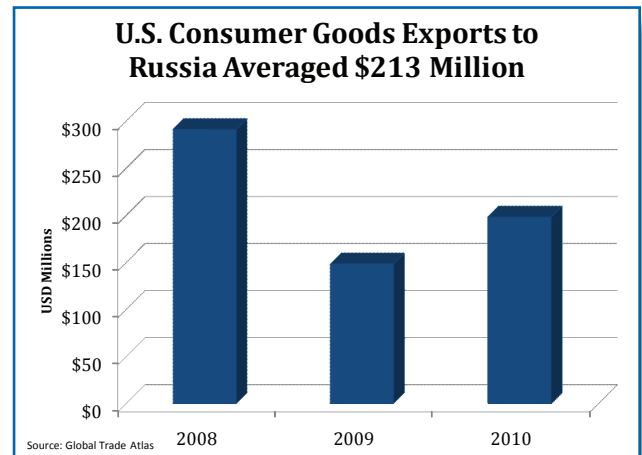
- The consumer goods sector accounted for almost \$213 million of U.S. exports to Russia over 2008-2010 (annual average).¹
- Top U.S. consumer goods exports to Russia include contact lenses, snowmobiles, motorboats, razors, vacuum cleaners, gym equipment, and motorcycles.
- In 2009, U.S. production of consumer goods products exceeded \$154 billion (or nearly 4 percent of total U.S. manufacturing production).²
- The consumer goods sector employed over 1.2 million workers in the United States in 2009.³

Improved Market Access for U.S. Consumer Goods Exporters to Russia

- Russia's tariffs on consumer goods currently average 13.3 percent.⁴
- After full implementation of its WTO accession commitments, Russia's average tariff on U.S. consumer goods exports will be reduced to, and bound at, 10.3 percent.

Selected Subsectors:

- *Appliances*: Russia's tariffs on appliances currently average 12.2 percent and go as high as 20 percent. After full implementation of its WTO accession commitments, Russia's average tariff on U.S. appliance exports will be reduced to, and bound at, 9.8 percent.
- *Furniture*: Russia's tariffs on furniture currently average 13.2 percent and go as high as 15 percent. After full implementation of its WTO accession commitments, Russia's average tariff on U.S. furniture exports will be reduced to, and bound at, 9.7 percent.
- *Recreation Goods*: Russia's tariffs on recreation goods currently average 10.7 percent and go as high as 20 percent. After full implementation of its WTO accession commitments, Russia's average tariff will be reduced to, and bound at, 9.5 percent.



1 Global Trade Atlas. Calculation based on import data as reported by Russia. The definition for consumer goods in this report, unless otherwise cited, includes select products within Harmonized System (HS) Chapters 46, 66, 69-71, 73, 82, 84, 85, 87, 89-92, and 94-97.

2 U.S. Department of Commerce, Census Bureau, within NAICS 323, 327, 332, 333, 334, 335, 336, 337, and 339. Shipments used as a best available proxy for production.

3 U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 327, 332, 335, 336, 337, and 339 (based on non-seasonally adjusted data).

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 consumer goods to Russia include: New York, Florida, California, Washington, North Carolina, Illinois, Texas, Georgia, Maryland, and Michigan.

Other Key Commitments by Russia for the Consumer Goods 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.

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.

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.