

Russia Under Scrutiny

August 21, 2017

Earlier this month, the Office of the U.S. Trade Representative (“USTR”) published a notice seeking public comment and participation in a hearing on Russia’s implementation of its obligations under the World Trade Organization (“WTO”). Public comments, summaries of hearing testimony, and requests to appear at the hearing are due on September 22, 2017. The hearing will be held at USTR on September 28, 2017.

Written comments and testimony at the hearing will assist USTR in preparing its annual report to Congress on how Russia has done in meeting its WTO commitments. This will be USTR’s fifth such report to Congress pursuant to the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012, known as the Magnitsky Act. The Magnitsky Act marked the extension of permanent normal trade relations to goods and services from Russia and allowed the United States to recognize Russia as a new member of the WTO, which it had joined several months prior to the law’s enactment.

The Magnitsky Act has long been a controversial topic in U.S.-Russian relations. The law was named for Sergei Magnitsky, a Russian lawyer who died in prison after becoming involved in a massive tax fraud allegation against Russian officials. Congress responded with a provision in the Magnitsky Act barring high-level Russian bureaucrats and others tied to human rights abuses from entering the United States. In response to the Act, the Government of Russia banned U.S. citizens from adopting Russian children. At the time of its passage, President Putin called the law, “[a purely political, unfriendly move.](#)” The Magnitsky Act has recently garnered public attention again with the disclosure of a June 2016 meeting between Donald Trump Jr. and Natalia Veselnitskaya, a Russian lawyer who has been closely connected to lobbying for repeal of the Act.

Putting all this palace intrigue aside, USTR’s annual report to Congress – and the public comments that feed into the report – is an opportunity to provide an assessment of Russia’s performance on a number of key trade issues, including, for example, import and export regulation and taxation, subsidies, trade-related investment measures, intellectual property rights, government procurement, information technology, and other policies affecting trade. If USTR concludes that Russia has not met its WTO obligations in these areas, the agency must outline steps to improve Russia’s compliance. U.S. companies or industries with business ties to Russia should consider whether they can benefit from elevating those issues with USTR and Congress for action.