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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING RUSSIA'S ACCESSION TO THE WORLD TRADE ORGANIZATION

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, delivered the following opening statement today at a committee hearing examining the accession of Russia to the World Trade Organization (WTO):

Mr. Chairman, thank you for agreeing to hold this hearing. We will hear two major arguments from the Administration today.

First, we must pass PNTR or our workers will be disadvantaged when Russia joins the WTO this summer.

Second, most civil society groups, including many groups who initially supported the Jackson-Vanik amendment, support removing Russia from that statute.

Since neither of these points is in dispute, I hope we can quickly move beyond these stale talking points. The issue is not whether Congress should grant Russia PNTR and remove them from the Jackson-Vanik amendment. The question is whether this is, in itself, enough. Both the Chairman and I know that it is not. There is already a written commitment that this will not be a clean bill and that there will be legislation beyond PNTR included in it. We also know that members on both sides of the aisle have already raised numerous economic and non-economic issues that need to be addressed if this process is to be successful.

Every day, newspaper headlines further document Russia's disregard for the rule of law, human rights, and democracy. Tens of thousands of Russian citizens have taken to the streets to protest the illegitimate Putin regime at great risk to themselves and their families.

Russia's efforts to reestablish its regional hegemony, including through military occupation of regions within Georgia, are well known. Russia publicly seeks to undermine the U.S. missile defense system in Europe, through military means if necessary. Russia's military support for the Assad regime in Syria and warm relations with Iran run counter to U.S. efforts to secure regional peace and stability.

And, just this week, press reports detailed plans by Syria, Iran, Russia, and China to engage in the largest joint war games ever conducted in the Middle East. These military exercises will include the use of Russian atomic submarines, warships, and aircraft carriers.

The commercial environment in Russia continues to be among the worst in the world. Long-standing commercial disputes, including issues related to the expropriation of Yukos, remain unresolved. Bribery and corruption in Russia are endemic. The 2011 Transparency International Corruption Perception Index ranks Russia at 143 out of 183 countries, just barely ahead of North Korea and Somalia. Similarly, the World Bank's Doing Business Index ranks Russia 120 out of 183 countries. Russia repeatedly fails to abide by its international commitments. They have yet to fulfill commitments related to intellectual property rights protection and access for U.S. agriculture products made over six years ago. And of course, despite U.S. ratification, Russia never ratified the U.S.-Russia Bilateral Investment Treaty — another clear example of their failure to deliver on their economic promises.

Despite this panoply of problems and Russia's proven record as a rogue regime, the Obama administration has not articulated a clear and coherent strategy regarding Russia. Instead, they ask Congress to simply pass PNTR and remove Russia from long-standing human rights law, while ignoring Russia's rampant corruption, theft of U.S. intellectual property, poor human rights record, and adversarial foreign policies — all for a market that amounts to .05 percent of U.S. exports.

The Obama Administration argues that the U.S. has no leverage over Russia by withholding PNTR. But they fail to acknowledge that it was the Obama Administration that squandered America's leverage when the President decided to invite Russia to join the WTO to augment his failed reset policy. With this leverage now gone, they argue that the myriad of economic problems we confront daily will be resolved through WTO litigation. We know from our experience with China in the WTO that this simply is not enough.

What bothers me most, however, is the President's double standard in dealing with Russia. Three of our closest allies — Colombia, South Korea, and Panama — were forced to wait years for consideration of their trade agreements, while the Administration invented problems that had to be resolved before it would even act on the agreements. Every one of these markets is larger than Russia. The economic arguments for moving each agreement trumped any argument one can make about the immediate economic benefits of having Russia in the WTO, especially when considering that Russia already committed to provide MFN treatment to our exports under the terms of our 1992 Bilateral Trade Agreement.

Yet the President forced our workers and our close allies to wait for years before they could take advantage of our trade agreements. While the President delayed, our workers lost more and more market share to foreign competitors. And, once the President's concerns were addressed, he then demanded that Congress renew a domestic spending program, to the tune of almost a billion taxpayer dollars, before acting on these agreements. All because the President insisted that his trade policy reflect his "core values".

Well, where are those core values now? When it comes to trade with Russia they vanish. When it comes to PNTR, the President asks us to act post-haste. He expects Congress to turn a blind eye to the barrage of bad news that demonstrates on a daily basis the deteriorating political, economic and security relationship between the United States and Russia.

We search in vain for coherence or consistency from the President on the issue of Russia. Despite my best efforts, I cannot discern any consistent principles or values underlying President Obama's trade strategy or unravel the logic underpinning his flawed approach toward Russia.

That is one reason I asked for an opportunity to hear directly from the Administration. These serious issues with Russia matter. They cannot be swept under the rug so the Administration can continue to appease the Russians in a vain effort to salvage the thin remains of a flawed reset policy. Congress, and this Committee, have a right to hear from the Administration. And, when there are policy gaps that harm our economy, national security, or strategic interests, Congress has an obligation to act, with or without the Administration's blessing.

With all due respect to our witnesses today, I would be remiss if I failed to express my disappointment that neither Secretary Clinton nor Secretary Panetta could testify today. They were both in the Senate recently to testify in favor of the Law of the Sea Treaty, a fatally-flawed document which has been debated ad nauseam for over 20 years and will not come for a vote in the Senate anytime soon; so my hope was that they could have participated in today's hearing.

I expect that we will hear today that Jackson-Vanik is a relic of the cold war, appropriate for its time but not today. That may be true, but one fact remains — Russia continues to see itself and act as a military, strategic, and economic counterweight to the United States. They view every aspect of their relationship through this lens, including their membership in the WTO. An Administration reset policy toward Russia that ignores this reality and consciously seeks to separate these interrelated issues is naïve, dangerous, and doomed to failure. We should support the ability of American workers to try and take advantage of Russia's impending membership in the WTO, but in so doing Russia must be held accountable for its policies.

If the Administration is not willing or able to do that, then Congress will.

Again Mr. Chairman, I thank you for agreeing to hold today's hearing, and I look forward to hearing from our witnesses today.

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