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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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June 12, 2012

Max Baucus
Chairman
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

As legislation to graduate the Russian Federation from the human rights legislation contained in Title IV of the Trade Act of 1974 and grant Permanent Normal Trade Relations is considered, we want to make you aware of several important concerns we believe should be addressed in the context of Russia PNTR.

Both the House and Senate are considering the Sergei Magnitsky Rule of Law Accountability Act, which addresses gross violations of human rights. Several members of our caucus are deeply concerned by continuing attempts to weaken the Senate version of the legislation. In addition, while it is important to address the Magnitsky legislation in the context of graduating Russia from other human rights provisions, we believe a number of other issues should be addressed as the legislative process continues.

Many aspects of the U.S.-Russia relationship are troubling. For example, public protests regarding the flawed election and illegitimate regime of Vladimir Putin continue to be suppressed through force and economic penalties by the Russian Government. Russia continues to support and enable the Assad regime in Syria through officially condoned arms sales and sustained opposition to United Nations Security Council resolutions, and continues to occupy the Democratic Republic of Georgia. In addition, Russia's most senior military officer recently threatened to preemptively strike and destroy U.S.-led NATO missile defense sites in Eastern Europe.

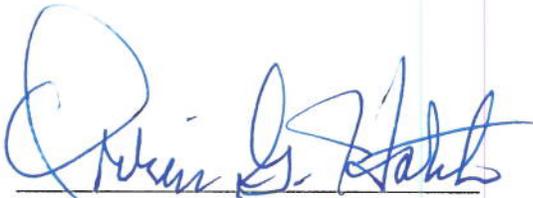
Regarding economic issues that are extremely relevant to PNTR for Russia, American farmers, ranchers, and businesses face a number of challenges in Russia that should be addressed. Russia has a long history of using sanitary and phytosanitary standards to cloak protectionist measures. Russia remains on the USTR Special 301 Priority Watch List as a result of significant violations of valuable U.S. intellectual property rights over the past decades. Russia has pervasive problems adhering to the rule of law and stemming bribery and

corruption. In addition, Russia has imposed restrictions on the export of scrap steel and adopted trade-distorting local content requirements in Russia's manufacturing sector. There are also a number of unresolved expropriations, including those related to the Yukos Oil Company.

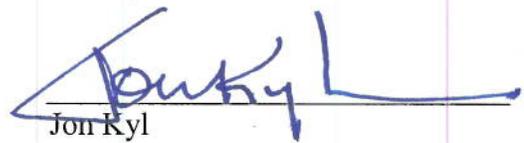
While several of these trade issues may be amenable to dispute settlement at the WTO at a later date, Russia's spotty respect for basic rule of law principles raises serious questions as to whether Russia would comply with an adverse finding of the WTO Dispute Settlement Body. Further compounding this concern is the balance and composition of U.S.-Russia trade, which would appear to limit U.S. options for imposing retaliatory tariffs on Russian imports in the case of Russian non-compliance.

We believe it will be necessary to satisfactorily address these and other issues if Congress is to successfully navigate a path toward granting PNTR to Russia. We hope you will work with us as we consider legislative options to address remaining concerns.

Sincerely,



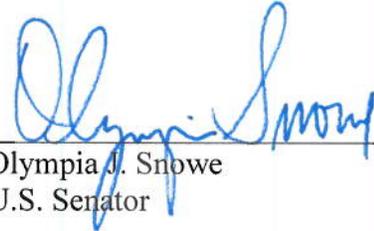
Orrin G. Hatch
Ranking Member



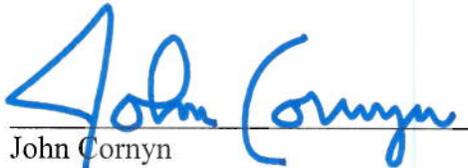
Jon Kyl
U.S. Senator



Charles Grassley
U.S. Senator



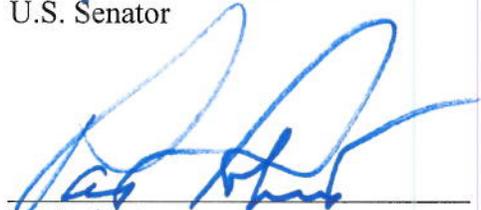
Olympia J. Snowe
U.S. Senator



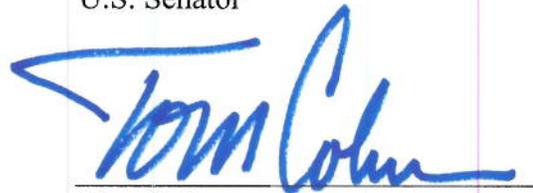
John Cornyn
U.S. Senator



Richard Burr
U.S. Senator



Pat Roberts
U.S. Senator



Tom Coburn
U.S. Senator