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CONTACT: Julia Lawless (Finance)
(202) 224-4515
Joe Hack (Kyl)
(202) 224-7577

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

WASHINGTON – U.S. Senator Jon Kyl (R-Ariz.), a senior member of the U.S. Senate Finance Committee, delivered the following opening statement today at a committee hearing examining the accession of Russia to the World Trade Organization (WTO):

Thank you, Mr. Chairman. I think that I understand the message this hearing is meant to convey: "American businesses want access to Russian markets. We should repeal Jackson-Vanik and grant Russia Permanent Normal Trade Relations without delay and without conditions. It's a slam dunk."

But it isn't a slam dunk.

Let's stipulate that American businesses, farmers, and ranchers should be able to sell products to Russia, and that free trade is important and beneficial to the United States.

We still need to determine whether America is getting a good deal through Russia's WTO accession, and whether more should be done to protect our interests. For example, Russia has never ratified the bilateral investment treaty that the Senate ratified years ago. That treaty would prevent Russia from expropriating businesses, an admittedly big problem in Russia. This is a very basic economic right that isn't being protected.

In addition, one of our witnesses will discuss Russia's failure to remit royalties, which is also not directly covered by the WTO agreements.

And I submit that the Administration is also missing the point on the repeal of Jackson-Vanik, which ties most-favored nation status to freedom of emigration. While emigration may no longer be an issue, Russia's blatant disregard for human rights and rule of law is every bit as relevant today as it was decades ago. Human rights cannot be divorced from the discussion of our economic relationship with Russia, particularly since some of the most egregious cases of abuse involve citizens exercising their economic and commercial rights.

Consider the case of Sergei Magnitsky, a young lawyer who was imprisoned, tortured, and died in prison because he sought to expose economic corruption at the highest levels of Russian government. Several of us have joined Senator Cardin in cosponsoring legislation to send a clear message that those who commit gross violations of human rights will not have the privilege of visiting or accessing the financial network of the United States.

When the U.S. Ambassador to Russia, Michael McFaul, suggests that there is no association between a country's respect for individual liberties and its business environment, he is simply denying reality.

When two parties enter into a contract, it is essential that both parties operate in good faith. There is scant evidence that the Russian state operates in good faith.

Russia has a troubling pattern of intimidation, disregard for rule of law, fraudulent elections, human rights abuses, and government-sanctioned anti-Americanism.

Contrary to the Administration's assertions, Russia is moving further away from international norms and values. In recent months, Moscow has not only blocked UN Security Council action on Syria, but has continued to sell arms to Assad's regime, which is responsible for the slaughter of innocent civilians. This is not a government that can be trusted to uphold its international commitments or give a fair shake to American businesses.

And looking only at the WTO context, Russia has not even lived up to all the commitments it already made on intellectual property rights, for example, as a condition of joining the WTO. Russia remains on the U.S. Trade Representative's Special 301 Priority Watch List for IP violations. What makes us think it will live up to its commitments after joining the WTO?

Yes, we would have access to a WTO dispute settlement process if we grant Russia PNTR. But what has that gotten us in our trade relationship with China?

Twelve years ago, Congress repealed Jackson-Vanik and authorized PNTR for China.

How did that work out?

Well, USTR reports to Congress annually on China's compliance with WTO commitments. The most recent report is 127 pages filled with problems. The U.S. has used the formal dispute settlement process to address these issues only a handful of cases, and one case has remained open since 2007. Even in the rare cases that we get justice, it isn't speedy justice.

Despite all the structures of the WTO, China cheats and continues to get away with it. If this is what we get from China, which ranks 75th among all countries on Transparency International's Corruption Perceptions Index, what can we expect from Russia, which ranks a dismal 143rd on the same list?

China was not granted PNTR “without condition and without delay.” It takes only a couple pages of legislative text to repeal Jackson Vanik, but the bill Congress passed had six separate titles dealing with the U.S.-China relationship.

Given the current problems with our trade relationship with China, it probably wasn’t enough. It is simply unreasonable to believe that PNTR can be extended to Russia without a more thorough examination of the issues.

Yes, we should have free trade. Yes, Russia should become part of the community of law-abiding commercial nations. The question is whether the proposed agreement and repeal of Jackson-Vanik gets us there.

Mr. Chairman, I hope this is not our last hearing on this topic.

Thank you.

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