

NATIONAL FOREIGN TRADE COUNCIL, INC.

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July 24, 2012

The Honorable Dave Camp
U.S. House of Representatives
341 Cannon House Office Building
Washington, DC 20515-2204

Dear Congressman Camp:

I am writing on behalf of the National Foreign Trade Council (NFTC), an association of some 250 American companies engaged in international trade and investment, to strongly urge the Ways and Means Committee to report H.R. 6156 extending Permanent Normal Trade Relations (PNTR) to Russia. This legislation exempting Russia from the Jackson-Vanik amendment enables U.S. companies to reap the benefits of Russia's imminent accession to the World Trade Organization.

This is an important step for increasing economic growth and job-creation. The Peterson Institute for International Economics has estimated that U.S. exports of goods and services to Russia are likely to double within five years after PNTR. This would mean \$20 billion of U.S. exports to Russia by 2017, creating jobs in services, agriculture, manufacturing and high-tech. It is therefore an important element in achieving the goals of the President's Export Initiative. Russia has the highest per capita income of any the BRICS countries. In fact its per capita income is more than three times that of China and its growing middle class is a promising market for American products. Russia's economy grew 7% a year between 1999 and 2008 and even after the financial crisis growth has stabilized at 4% a year. At the same time Russia ranks only 37th among U.S. export markets suggesting strong potential for expansion.

Because Russia becomes a member of the WTO on August 22 it is vital that PNTR be enacted as soon as possible. If the U.S. is not in compliance by then our companies will be at a severe disadvantage in the Russian market. Importantly American companies would not have recourse to WTO dispute settlement mechanisms in a market where significant disputes are very likely to arise. Moreover, the existing most-favored-nation agreement is entirely inadequate since does not cover services, the most rapidly expanding category of U.S. exports. Russia has committed to join the International Technology Agreement upon accession and PNTR will enhance the position of U.S. high tech exporters to Russia.

The NFTC enthusiastically supports H.R. 6156. We have elsewhere expressed our strong reservations about both the House and Senate versions of the Sergei Magnitsky Rule of Law bill, although the bill reported by House Foreign Affairs Committee is preferable to S. 1039 since its scope is limited to Russian persons and it contains a sunset provision.

Sincerely,

A handwritten signature in black ink, appearing to read "William A. Reinsch".

William A. Reinsch
President