

**Russia – WTO Accession:
Benefits to the U.S. Spirits Industry
(February 2012)**

The Distilled Spirits Council of the United States, Inc. and its member companies strongly support Russia's accession to the World Trade Organization (WTO) because it will help to open the Russian market to U.S. goods and services, including U.S. distilled spirits products. With a population of over 138 million, a growing middle class, and one of the world's largest economies, Russia is a growing export market for U.S. distilled spirits. In 2011, Russia reported imports of U.S. spirits totaling \$89 million, representing a tremendous increase since 2001 when U.S. spirits imports were valued at only \$3 million. As disposable income increases, demand for U.S. spirits is expected to continue.

Despite these positive developments, significant trade barriers have severely inhibited the ability of U.S. spirits exporters to tap into Russia's full market potential. However, the conditions of Russia's accession and its obligation to follow WTO rules and principles will help to address current barriers and to avert future barriers to trade, as well as to provide recourse for governments to pursue should such barriers nonetheless be imposed. **The U.S. spirits industry therefore strongly supports Russia's WTO membership and the prompt approval of Permanent Normal Trade Relations (PNTR) status for Russia,** so that the U.S. spirits industry can benefit from the commitments that U.S. negotiators worked so hard to achieve. Some of the specific benefits of Russia's WTO accession to the U.S. spirits industry include:

Russia's tariffs on U.S. spirits products will be reduced.

- Russia has agreed to reduce its tariffs from 2 Euros per liter to 1.4 Euros per liter for whiskey (the largest U.S. spirit category exported to Russia) and to 1.5 Euros per liter for other categories by 2015.

Russia must abide by WTO disciplines regarding non-discrimination and transparency.

- Currently, there is no way for the U.S. spirits industry to provide direct input to Russia regarding proposed regulations that may act as barriers to trade (*e.g.*, restrictive standards, labeling requirements, import procedures, etc.). As a WTO member, Russia will be required to notify the WTO of such regulations, to allow all interested parties to submit comments, and to take such comments into account. Russia must also allow a "reasonable interval" between publication and entry into force.

Russia will be subject to the dispute settlement process, which serves as a tool to ensure fair treatment.

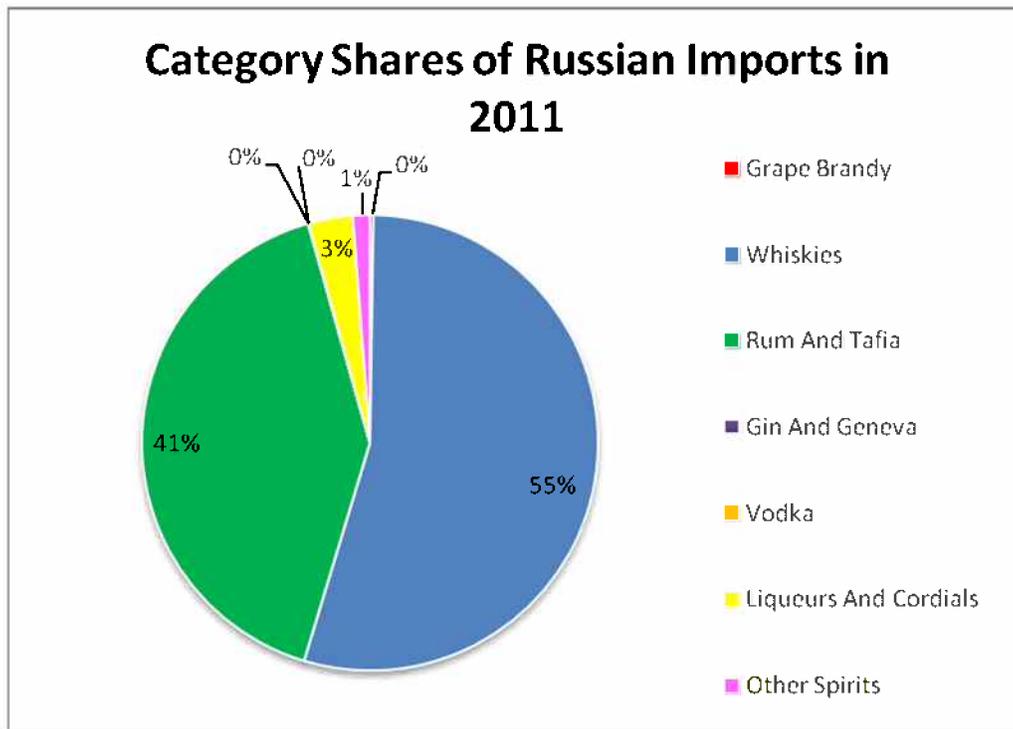
- The WTO's dispute settlement process, or even the threat of a dispute settlement case, is an important tool in ensuring that WTO members adhere to principles of non-discrimination, science-based standards, and the use of measures that are least restrictive to trade. The U.S. spirits industry has greatly benefitted from the use of this process, which has addressed discriminatory taxes on imported spirits in Japan, Korea, Chile, and the Philippines. It is vital that Russia be subject to the dispute settlement process, and that the U.S. be able to initiate such proceedings, as appropriate.

The Distilled Spirits Council is a national trade association representing U.S. producers, marketers and exporters of distilled spirits products. Its member companies export to more than 130 countries worldwide, including Russia.





Source: Global Trade Atlas.



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