

U.S. SODA ASH INDUSTRY URGES CONGRESS TO GRANT RUSSIA PNTRAbout U.S. Soda Ash

Soda ash is an inorganic chemical and the primary raw material in the manufacture of glass and some detergents. U.S. soda ash is the most competitive and environmentally-friendly in the world due to a unique deposit of trona, the raw material for soda ash, located in Green River, Wyoming. Nearly all other countries that produce soda ash, including Russia, use a synthetic process that costs at least twice the amount of U.S. manufacturing and is highly energy-intensive and polluting.

The U.S. industry produces roughly one-quarter of total global output. Over 50% of U.S. production is exported – nearly \$1 billion in 2010 – making soda ash the largest U.S. inorganic chemical export. The soda ash industry is the largest employer in the state of Wyoming, and soda ash is the second largest export from the port of Portland, Oregon.

U.S. Soda Ash Exports to Russia – Growing Trade that is Key to U.S. Glass and Detergent Investors

Although not a leading market for U.S. soda ash, Russia's growing economy includes many industrial consumers of soda ash (including U.S. investors such as Guardian Industries and Procter & Gamble), some of which depend upon high-quality, dense soda ash of the type supplied by ANSAC, the company that accounts for roughly 80% of U.S. exports. U.S. exports supply a growing sector of Russia's manufacturing base, as soda ash demand in Russia is expected to increase by 5% in 2011 and 2012.

ANSAC is the sole U.S. exporter of soda ash to Russia. All U.S. soda ash exports to Russia are transshipped through Lithuania. In 2010, these exports were valued at approximately \$17 million. U.S. exports to Russia in 2010 were approximately 113,000 MTs, or over 30% of Russia's total imports. Importantly, most of the U.S. exports fulfilled a demand for which there is little or no competition from domestic Russian suppliers.

Importance of Russia's WTO Accession to U.S. Soda Ash Exports – Maintaining the 5% Import Duty

Under its bilateral market access agreement with the United States, Russia has committed to bind its soda ash import tariff (HS 2836.20) at 5% upon entry to the World Trade Organization (WTO). Until Russia joins the WTO, however, it is free to increase its tariff to protect domestic producers.

In March 2011, Russia's largest soda ash producer, which had recently acquired country's third largest soda ash manufacturer, petitioned to raise Russia's tariff from 5% to 15%. This would have effectively cut off imports, harming U.S. exports. In June 2011, the petition reportedly was rejected by Russian authorities. Subsequently, the Customs Union to which Russia belongs approved the moratorium on changes in import duties from August 25, 2011 until January 1, 2012. The possibility of a tariff increase before the date of Russia's accession to the WTO, which will be July 15, 2012 at the latest, underscores the importance of Russia's WTO commitments.

Importance of PNTR for Russia to U.S. Soda Ash Exports – Ensuring a Level Playing Field

Congress must vote to provide Permanent Normal Trade Relations (PNTR) to Russia and remove Jackson-Vanik provisions, or else the U.S. soda ash industry will be denied the same rights that other trading partners (most notably the EU) have in terms of challenging Russian violations of WTO commitments. Specifically, the United States would lose all leverage under WTO rules to challenge a Russian tariff increase on U.S. soda ash at the WTO Dispute Settlement Body, forfeiting a key tool to discipline Russia's policies and ensure that U.S. exports remain competitive in the Russian marketplace.