

Russia's WTO Commitments: New Opportunities for U.S. Services Firms

Services account for more than 65% of U.S. GDP, and an increasing amount of U.S. exports. Eight out of every 10 jobs in the U.S. are in the services sector. Russia has a growing services market, and the country's WTO accession commitments will improve or bind current trade practices in 116 services sub-sectors, and ensure full national treatment in 30 sub-sectors.¹ As a result of Russia's WTO accession, U.S. service companies will be able to enjoy greater market access and national treatment in Russia in the following important areas:²

Audio-Visual Services: Russia will allow wholly foreign-owned audio-visual enterprises. It made commitments in motion picture distribution and projection services, and in the sale of television and radio programs.

Business Services: Russia's WTO commitments will ensure market access in legal services, accounting, advertising, architectural, engineering, computer and related services, health care, advertising, and marketing and management services. U.S. service suppliers will be allowed to operate with 100% foreign ownership and, in most cases, will enjoy full national treatment.

Distribution: Russia has made WTO commitments in the wholesale, retail and franchise sectors, and will allow 100% foreign ownership in these areas upon accession. U.S. companies will be able to distribute most products with minimal limitations. Russia will also allow direct sales by commission agents.

Energy Services: Russia will allow wholly foreign-owned subsidiaries in energy services, including services related to mining and energy distribution, and technical consulting services. Additionally, Russia's WTO commitments prohibit quantitative limitations on the participation of foreign energy services in the market.

Environmental Services: U.S. companies will be able to supply a range of environmental services, including industrial waste and noise abatement as a result of Russia's WTO accession. Russia's WTO commitments provide for full national treatment and 100% foreign ownership.

Express Delivery Services: Russia will allow wholly foreign-owned express delivery enterprises upon accession. Its WTO commitments also provide for the unrestricted delivery of documents, parcels, packages, and other items through relevant modes of supply, and the guarantee of national treatment to foreign express delivery operators.

Financial Services: Russia has agreed to permit 100% foreign ownership of banks, non-life insurance companies, and securities firms. Russia's WTO commitments will also enable foreign insurance companies to open direct branches in Russia.

Telecommunications: As part of its WTO commitments, Russia will sign on to the WTO Basic Telecommunications Reference Paper providing for an independent regulator, obligations to prevent anti-competitive behavior, transparency obligations and interconnection requirements. Its WTO commitments also provide for comprehensive sectoral coverage with 100% foreign-ownership, and open services on both a facilities and non-facilities basis.

Transport Services: Russia made WTO commitments in maritime, road, and auxiliary transport services, including freight forwarding, and storage and warehousing services. Russia will also open its aircraft repair and maintenance, and reservation services to foreign competitors.

Further WTO services commitments from Russia are expected to emerge as a result of multilateral negotiations. Discussions continue, for example, regarding intellectual property rights, which will likely have additional positive implications for the U.S. services sector.

¹ "Principal Results of Russia's WTO Market Access Negotiations," Russian MEDT Fact Sheet, (November 24, 2006).

² See: "Bilateral Market Access Agreement on Services," USTR Fact Sheet, (November 19, 2006).