

The US lifts... and imposes sanctions against Russia

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On 16 November, the U.S. House of Representatives approved the lifting of the so-called Jackson-Vanik amendment, thus clearing the way for the Russian Federation to enjoy permanent normal trade relations with the United States. At the same time, in the same bill, the House approved visa sanctions and the freezing of assets of those responsible for the death in prison of the Russian lawyer Sergei Magnitsky, as well as of persons involved in persecuting those involved in defending civil liberties and investigating illegal activities of Russian state officials. By the end of November, the Senate will adopt a similar law which, when both houses of Congress agree on a joint version, will be signed by President Barack Obama before the end of the year.

Commentary

- Adopted in 1974, the Jackson-Vanik amendment prevented the Soviet Union from being granted 'most favoured nation' status (subsequently renamed as 'permanent normal trade relation') in trade with the United States because of the limitations that it imposed on Jewish emigration. Prior to Russia's accession to the WTO, this amendment was of marginal economic significance – after 1989, it was annually suspended by US presidents, which allowed Russia to take advantage of 'most favoured nation' status. However, the amendment was a burden on bilateral relations, as Moscow saw it as a manifestation of Washington's unwillingness to develop equitable relations with Russia.
- Since Russia's accession to the World Trade Organisation this August, the amendment's continued functioning would have hurt US business, as it would have provided a legal basis for Russia to refuse extension of WTO rules to US companies; this would have prevented them from taking advantage of increased access to the Russian market under those rules. American business is hoping that under those rules it will be able to increase exports to Russia (which amounted to about US\$11 billion dollars in 2011) by two- to threefold; some experts have even predicted a five-fold increase over the next five years.
- Back in July 2011, the State Department adopted the so-called 'Magnitsky list', which included the names of about sixty Russian officials who, due to their complicity in the Magnitsky affair, would be barred from obtaining US visas. The new Act of Congress opens the possibility that other officials involved in human rights violations and harassment of the opposition in Russia will be added to the list.

- The adoption of this bill is a severe blow to the Russian government's prestige. Within the Russian power elite its adoption will be seen as yet another attempt at U.S. interference in Russia's internal affairs. It will be perceived as particularly painful as it may affect the Russian elite's personal interests. Furthermore it might weaken the cohesion of the entire system of power because the risk of sanctions may undermine the officials' resolve to participate in the repression in order to defend that very system. The Russian authorities have warned that it will adopt sharp and decisive retaliatory measures; these will, most likely, take the form of a similar list with US officials barred from entering Russia.
- Congress's adoption of the 'Magnitsky Act' will further exacerbate the already poor relations which Washington and Moscow have had for the past two years or so. In Moscow, it will deepen the widespread belief that the goal of US policy towards Russia is to remove Putin from power and democratise the political system.