

In Trade Deal With Russia, U.S. Plans Sanctions for Human Rights Abuses

By: Peter Baker, The New York Times

17 July 2012

WASHINGTON — In the two decades since the end of the cold war, the United States has extended its economic reach to the far corners of the old Communist world, establishing full-fledged trade ties with the likes of Ukraine, Armenia and Kyrgyzstan. Even still-Communist nations like China and Vietnam have been granted full trading status. But not Russia.

That seems about to change. For the first time since the fall of the Soviet Union, a bipartisan coalition in Congress has agreed to normalize trade relations with Russia, the onetime adversary in the long struggle between capitalism and communism. But at a time of renewed tension with Moscow, lawmakers have decided to grant the status with one large caveat — that Russian officials be held responsible for human rights abuses.

Legislation moving through the House and Senate with support from both parties would lift restrictions imposed in the 1970s under the so-called Jackson-Vanik law, permanently establishing normal trade relations with Russia, one of just a handful of nations left in the world still denied them. In doing so, Congress would potentially double Russian-American trade and fulfill a goal that eluded Presidents Bill Clinton and George W. Bush.

Yet in imposing sanctions for human rights violations, lawmakers are defying not just the Kremlin of Russia's president, Vladimir V. Putin, but also President Obama, who while embracing the normalization of trade lobbied against mixing the issues. In effect, foreign policy experts said, the legislation represents a judgment by Congress that in his effort to repair relations with Moscow, Mr. Obama has not paid enough attention to freedom and democracy.

"Many react against 'giving Putin' something when he misbehaves so badly both on human rights and toward the United States," said Anders Aslund, a Russia expert at the Peterson Institute for International Economics. If the lever of Jackson-Vanik is surrendered, "the Congress then wants to have it replaced with another lever."

The Senate Finance Committee will consider the measure on Wednesday, and aides expect a strong bipartisan vote. The issue has taken on urgency because Russia will join the World Trade Organization by the end of summer, and without normal trade status, American firms like Boeing and John Deere will not be able to take advantage of the reduced barriers.

"American businesses win increased market access to Russia without giving up a single thing in return — no tariff changes, no market concessions, nothing," Senator Max Baucus, the Montana Democrat who heads the Finance Committee, said in a statement. To address human rights, he is incorporating a bill known as the Sergei Magnitsky Rule of Law Accountability Act, named for a Russian lawyer who was arrested and died in prison after investigating official corruption.

In an attempt to press the Soviet Union to allow Jews to leave, Congress enacted the Jackson-Vanik law in 1974. It denied favored trade treatment to Communist countries that hindered freedom of emigration and was named after its Democratic sponsors, Senator Henry Jackson of Washington and Representative Charles Vanik of Ohio. Since the Soviet collapse, presidents have lifted the restrictions for Russia each year on the grounds that Moscow had stopped preventing emigration, but none of them could persuade Congress to eliminate the strictures permanently.

That failure had little substantive effect on trade but was a sore point for Russian leaders who bristled at the Jackson-Vanik stigma and what they considered a broken promise. Now that Russia has finally won membership in the World Trade Organization, it will have a tangible effect for the first time because only countries with permanent trade relations qualify for eased W.T.O. trading rules.

"This isn't a gift to Russia," Philip H. Gordon, an assistant secretary of state, said in an interview. "We're doing this for us and our firms."

Businesses have been lobbying to lift Jackson-Vanik, a move that Mr. Aslund estimates would double annual American exports to Russia to \$19 billion in five years.

"Our competitors from every other W.T.O. member country will not hesitate to take market share away from American companies, thus jeopardizing American jobs," said Edward Verona, president of the United States-Russia Business Council.

The Magnitsky measure requires the denial of visas and freezing of assets of Russian officials deemed responsible for abuses. The Obama administration lobbied against attaching it to the trade bill, arguing that it had already denied visas for some people tied to Mr. Magnitsky's death.

"We very much share the goals and aims of such legislation," Mr. Gordon said. "We agree with those senators who think Russia hasn't done what's necessary to identify those responsible for Mr. Magnitsky's death, and we share the broader democracy and human rights goals."

But lawmakers rebuffed the administration and insisted on linking the issues.

"It's frankly a decisive repudiation of the administration's approach to Russia," said Randy Scheunemann, a foreign policy adviser to Senator John McCain, Republican of Arizona, in the 2008 presidential election who is now working with Russian opposition figures supporting the Magnitsky bill. The administration "put human rights beyond the back burner," he said.

The administration has privately conceded that the trade and human rights measures will be merged and is trying to massage the language. While some officials once wanted to broaden the sanctions to apply worldwide rather than singling out Russia, the administration has rejected that approach, worried it would complicate relations with nations like China and Saudi Arabia. The Senate bill applies worldwide; a separate House bill applies only to Russia.

Russia has threatened retaliation, and lawmakers from Moscow visited Washington last week to lobby against the sanctions, arguing that Mr. Magnitsky was not the hero his backers suggest, but they won little traction on Capitol Hill. Mr. Magnitsky's mother, Natalia Magnitskaya, responded with a letter denouncing their statements about her son, calling them "shameful and not deserving of the honorable title of people's representative."

Vladimir Kara-Murza, a well-known Russian journalist working in Washington, was fired after he supported the Magnitsky bill. Mr. Kara-Murza said his dismissal showed "how afraid corrupt officials and human rights violators" in Russia are. "This bill hits them where it hurts, closing access to their ill-gotten gains in the West," he added.

Copyright © 2012, The New York Times