

**Aric Newhouse**

Senior Vice President  
Policy and Government Relations

July 17, 2012

The Honorable Max Baucus  
Chairman  
Senate Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Orrin Hatch  
Ranking Member  
Senate Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Hatch:

The National Association of Manufacturers (NAM) views Permanent Normal Trade Relations (PNTR) with Russia as a way to grow U.S. exports, secure market access and boost American jobs. Accordingly, we support swift Congressional action on legislation granting PNTR with Russia.

The NAM is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. The ability of U.S. companies to maximize their exports is more important than ever to U.S. manufacturers.

For the U.S. to grow manufacturing jobs, we must rely on exports to faster-growing markets around the world. Russia is the 9<sup>th</sup> largest market in the world, with a \$1.9 trillion economy and a growing middle class that values high-quality goods. Russia imported nearly \$300 billion in goods in 2011, yet the United States accounted for only five percent of those imports. There are clear opportunities for growth, particularly in the manufacturing sector. The President's Export Council has estimated that, with PNTR in place, U.S. exports to Russia could double over the next five years.

If Congress fails to act on PNTR, American companies will be placed at a competitive disadvantage when Russia joins the World Trade Organization (WTO). Before the end of July, the Russian legislature is expected to formally approve the WTO accession agreement. Thirty days after Russia passes the agreement, it will be a formal member of the WTO – regardless of whether the United States acts on PNTR. Because the United States requires an annual certification to maintain Normal Trade Relations with Russia, we would fail to meet our WTO obligations. Without PNTR, companies in the United States will be barred from WTO benefits like access to the dispute settlement process, reduced trade barriers, and increased transparency and accountability – all critical factors for increasing U.S. exports. Russia already has open access to the U.S. market, so any delay on PNTR will only hurt U.S. companies.

The annual certification required by the Jackson-Vanik amendment to the Trade Act of 1974 should be permanently eliminated. Since 1992, U.S. presidents of both parties have certified annually that Russia has complied with the amendment's provisions and granted Normal Trade Relations with Russia on an annual basis.

The Honorable Max Baucus and The Honorable Orrin Hatch

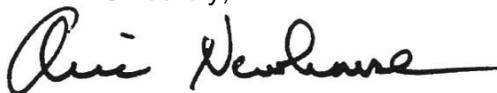
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If Congress does not take action to graduate Russia from the Jackson-Vanik amendment and establish PNTR, U.S. manufacturers will lose out while our competitors gain the upper hand. Manufacturers already face a 20 percent cost disadvantage, compared to companies operating outside the United State. Blocking access for U.S. manufacturers to take advantage of the WTO's rules-based trading system will make it more difficult for U.S. companies to compete and thrive in the global marketplace.

We appreciate your consideration, and the NAM stands ready to provide whatever additional information may be helpful as we all work toward the goal of doubling America's exports and opening new markets for U.S. manufacturers.

Sincerely,

A handwritten signature in black ink, appearing to read "Aric Newhouse". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Aric Newhouse

AN/la