



EUROPEAN UNION
DELEGATION TO THE UNITED STATES OF AMERICA

Trade and Agriculture

Washington, 3 October 2011

Subject: Minutes of EU Trade Counselors Meeting of 14 September 2011

Clark Price, Director for Russia at the National Security Council, spoke about the Obama Administration's bilateral diplomatic/economic efforts with Russia, focusing almost exclusively on Russian accession to the WTO, which he said was at the very top of priorities for the Obama Administration. Clark noted that the U.S.'s "Reset" policy has yielded tangible foreign policy results and is the centerpiece of the U.S. bilateral relationship with Russia. WTO accession is "the next thing to do" to keep the relationship moving forward.

With respect to U.S. political processes and accession, Clark noted that Congress must repeal the Jackson-Vanik Act in order to enable permanent normalized trade relations with Russia, a pre-requisite for U.S. to enjoy the benefits of Russia's WTO accession. Clark noted the political difficulties inherent on Capitol Hill and admitted that the Administration has not yet begun to fully engage Congress in part because the pending FTAs must be dealt with first.

He noted issues of concern on the Hill and in the Administration including Russia's use of SPS measures as agricultural trade barriers, IPR (specifically encrypted goods) and its automotive program. Regarding the TRIMs issues, Clark noted that it was very important for them to phase the program out but he understands from the Russians that Putin set out very clear "bright" red lines in the area. There is also the matter of Georgia and a general measure of distrust of Russia that is present on Capitol Hill.

He acknowledged that the Administration still needs to engage in an extensive educational strategy on Capitol Hill to clarify that the vote is not on Russia's WTO accession, but rather on the U.S. enjoying its benefits, and asserted that the Administration has not yet begun to "count the votes" in Congress. Price repeatedly stressed the importance of bringing Russia into the rules-based trading system of the WTO, insisting that the U.S. and Europe will have more tools (e.g., the Dispute Settlement Mechanism) to deal with Russia once it is in the WTO.

As to timing, the Administration hopes that Congress will take up Jackson-Vanik repeal this year (although Price seemed to acknowledge the political challenge: "What I hope and what I expect are two different things"). On the timing of Russia's accession, he was still hopeful that Russia could join at the Ministerial in December, given the upcoming challenges related to presidential elections in Russia and the U.S. This means that the Jackson-Vanik vote would need to happen by mid-December the latest. Given that the

FTAs will be approved by the end of September, at the earliest, this leaves the Administration with less than 2.5 months to educate the members (two thirds of which have not voted on the PNTR before) and ensure the positive vote.

Lastly, Clark acknowledged that Russia will be likely a difficult WTO member, but he thought that the positive impact of its membership in the WTO has the potential to help Russia change its mindset and eventually fully embrace the international rule based system. In his view, not allowing Russia to get into the WTO would be a mistake as they are an important global power. Clark concluded that "we can't just pretend Russia away".

General Meeting

Export Promotion. PL Presidency presented a plan to promote information-sharing and best practices among Member States on export promotion activities. PL Presidency seeks several volunteers to help establish a questionnaire to solicit information from MS, then review and report back to Trade Counselors in a subsequent meeting.

NL raised the issue of possible resistance among MS (re. sharing of trade secrets) and that capitals might wonder why such an exercise would take place in/between embassies as opposed to between home ministries.

DE offered that because export promotion tends to be very country-specific, the lessons learned would need to be developed and tailored accordingly. FR noted the role of SMEs and the priority of boosting their participation in international trade, including the need to link to an October 13-15 conference at the Department of Commerce. PL Presidency welcomed MS comments and participation, noting that any input from MS would be completely voluntary and subject to MS' own limitations.

Trade Counselors Trip. As regards the future trip of Counselors, given the expected TEC meeting at the end of November, the dates of 6-8 December were proposed, with a visit to 6-7 companies in Silicon Valley. The EABC has agreed to help organize the trip, and PL Presidency would like to seek further assistance from MS consulates for the San Francisco portion.

NL suggested that Trade Counselors also consider smaller trips in various parts of the U.S. to help promote the effectiveness of counselors' outreach efforts. DK offered that it is already considering such a strategy for its Presidency, and would seek to rely on EU Centers of Excellence, among other possibilities.

Market Access. EU DEL updated on the recent market access/trade barriers exercise, noting that the latest report (which did not differ substantially from the last one, prepared in May) was sent to DG Trade at the end of August. NL inquired whether state level barriers should be included in future exercises; DEL welcomed such information and will pass on anything received to Brussels. DEL noted that the next G20 meeting would be an appropriate forum in which to raise market access issues.

Other Business. EU DEL briefly discussed the growing interest of many in the Washington trade policy community in negotiating bilaterally with the EU in light of the stalled Doha Round talks.