



Governor Mike Dunleavy  
STATE OF ALASKA

March 7, 2022

The Honorable Katherine C. Tai  
United States Representative  
Office of the United States Trade Representative  
600 17th Street, NW  
Washington, DC 20508

Dear Ambassador Tai:

I write today to express my strong support for your office to immediately open a formal section 301 investigation into the unfair trade practices of Russia related to Alaska seafood. Russia has completely banned the sale and importation of Alaska seafood and other agricultural products while freely exporting into the United States. Given the current circumstances of Russian war crimes against the citizens of Ukraine, there has never been a more important time for you and your office to stand up for free and fair trade and Russian aggression against innocent civilians.

This is not a new issue. On August 7, 2014, Russia imposed an arbitrary ban on food imports from the United States, including Alaska seafood, while freely exporting its own seafood into the United States. This had an immediate negative effect on Alaska companies. See, Alaska Seafood Marketing Institute (ASMI) report, attached. While providing Russia with hundreds of millions of dollars for its efforts against freedom.

Russian action was taken in 2014 as retaliation for Western sanctions over the Ukraine crisis. Your office issued its own report on unfair Russian Trade actions in 2019. (Copy attached) That report noted:

“In addition to the import ban on nearly all agricultural goods from the United States and some other WTO Members, Russia maintains other unjustified non-tariff barriers to U.S. agricultural exports.”

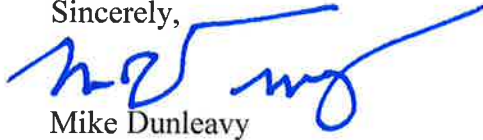
Trade Report, p.4. Despite indisputable evidence of Russian unfair trade practices, no actions have been taken by the United States to protect Alaskan companies and jobs.

Without action, Russia will continue to grow its seafood exports. ASMI estimates that unless action is taken, Russia will use its unfair trade practices to grow the annual value of its seafood

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Page 2 of 2

exports by 2024 to over \$8 billion a year. ASMI Report, p.2. Funds from the sale of Russian seafood will continue to finance Russia's actions in Ukraine and elsewhere.

Sincerely,



Mike Dunleavy  
Governor

Attachments

cc: The Honorable Lisa Murkowski, United States Senate  
The Honorable Dan Sullivan, United States Senate  
The Honorable Don Young, United States House of Representatives



## Russia Bans Food Imports from Western Nations

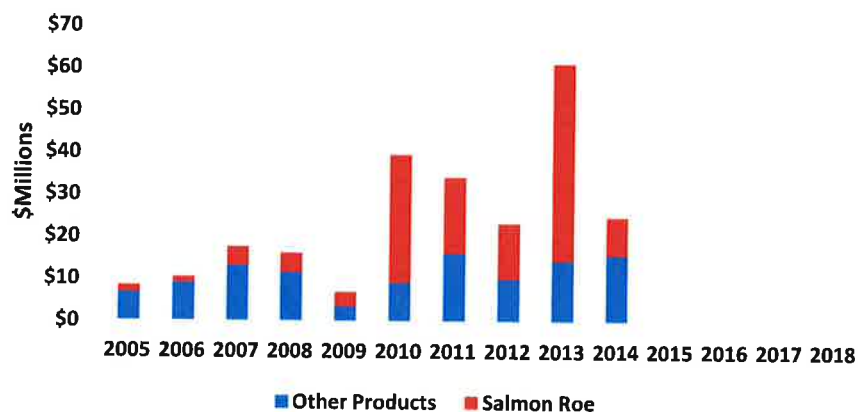
On August 7, 2014, the Russian government banned a broad range of imported food products from the EU, U.S., Canada, Australia and Norway, as retaliation for Western sanctions over the Ukraine crisis.<sup>1</sup>

The embargo covers all fish, crustaceans, mollusks and other aquatic invertebrates. This includes virtually all edible seafood products with the exception of canned seafood, which is still legal for import. However, Russia is not a measurable market for Alaska canned salmon, nor was it prior to the ban.

## Russian Market for Alaska Seafood Prior to Embargo

Russia represented a roughly \$60+ million market for Alaska seafood prior to the embargo. The continued loss of this market reduces the value of Alaska's seafood by decreasing competition.

**Value of Alaska Seafood Exports to Russia, by Major Product Type, 2005-2018**



While the four-year average prior to the embargo (2010-2013) represented a roughly \$40 million export market, the long-term trend suggested a growing market. Alaska seafood producers exported \$61.3 million worth of products to Russia in 2013. Salmon roe, primarily pink, accounted for 76.4 percent of this export value in 2013, and the majority of export value in previous years as well.

Alaska producers and the State of Alaska, through the Alaska Seafood Marketing Institute (ASMI), invested in the Russian market. ASMI conducted marketing efforts to build demand in the region beginning in 2006, attending events alongside Alaska producers, such as World Food Moscow. Growth in the Russian market created competition with Japanese roe buyers. This contributed to increases in Alaska pink salmon prices from 2010 through 2013, which benefitted Alaska producers and fishermen.

<sup>1</sup> <https://www.wsj.com/articles/russia-bans-food-imports-in-retaliation-to-western-sanctions-1407403035>



Prior to the embargo, Russia also imported a growing volume of Alaska pollock surimi and the country also imported a few million dollars in other products, such as frozen Alaska pink salmon. Russian consumers generally considered Alaska products better quality than Russian products from the Far East.

As Russian seafood producers increase the quality and volume of products that compete directly with U.S. production, the U.S. is unable to compete for a large and growing Russian domestic market.

### **Russian Seafood Exports to the U.S.**

Although the Russian market closed to the U.S. industry more than five years ago, the U.S. is a key market for Russia's seafood industry. **When the embargo went into effect in August 2014, no corresponding limitation was placed on U.S. markets for Russian seafood producers.**

In fact, **the value of Russian seafood imported by the U.S. has grown 69 percent since 2013**, the year preceding the Russian embargo.

The U.S. imported \$551 million of seafood from Russia in 2018, plus \$50 million of pollock products from China which primarily consist of pollock caught in Russia. Crab made up 84 percent of the value of products imported from Russia in 2018. Other products of significant value include cod, salmon, and haddock (not including pollock products produced in China).

These are important species for the Alaska industry and compete directly with Alaska seafood products in the U.S. market. Russia is not subject to any special import duties in the U.S. and is designated as having NTR (Normal Trade Relations) status. For seafood (chapter 03), NTR duties are generally "free" although there are numerous exceptions. The top ten seafood HS codes imported from Russia are all "free."

**U.S. Imports of Russian Seafood**

Year	\$Millions
2012	\$229
2013	\$326
2014	\$320
2015	\$316
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Source: NMFS Foreign Trade Data.

### **Russian Investment**

A variety of efforts are underway to increase the value of Russian seafood production and exports. According to Russian fishery officials, the country is implementing a plan to nearly double the value of its seafood exports by 2024 (to over \$8 billion).

The plan is based on a huge national investment in increasing and modernizing processing capacity in the country. Construction is currently underway or planned for more than 20 new fish processing facilities and 35 fishing vessels, primarily centered around fishing ports on the far east seaboard, with the goal of 90 new vessels by 2030. The plan also includes the launch of a new marketing and supply chain organization known as "The Russian Fish." **Total investments in the Russian fishery sector, including shipbuilding, plant building, aquaculture development and marketing, between 2018-2025 are estimated to reach \$6.9 billion.**



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**Sources include:**

Global Trade Atlas.

Russia Federal Agency for Fishery <http://fish.gov.ru/>

Russia Federal State Statistics Service (RosStat) <https://eng.gks.ru/>

<https://www.undercurrentnews.com/2019/09/04/putin-inaugurates-gidrostroy-new-pelagic-pollock-plant-in-russias-far-east/>

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# 2019 Report on the Implementation and Enforcement of Russia's WTO Commitments



United States Trade Representative  
February 2020



# Implementation and Enforcement of Russia's WTO Commitments

## Contents

I.	Introduction .....	1
II.	Executive Summary .....	2
III.	Russia and the Customs Union/Eurasian Economic Union .....	6
IV.	Russia in the World Trade Organization .....	7
V.	Import Regulation .....	8
A.	Tariffs and Border Fees .....	8
B.	Customs Fees .....	10
C.	Customs Valuation .....	10
D.	Trade Facilitation .....	11
E.	Trading Rights .....	12
F.	Quantitative Restrictions .....	13
G.	Import Licensing .....	14
H.	Trade Remedies .....	16
VI.	Export Regulation .....	17
VII.	Agriculture .....	19
A.	Sanitary and Phytosanitary Measures .....	19
B.	Domestic Supports and Export Subsidies .....	25
VIII.	Internal Policies Affecting Trade .....	26
A.	Non-Discrimination .....	26
B.	Industrial Policy, Including Subsidies .....	29
C.	State-Owned, -Controlled, and -Trading Enterprises .....	31
D.	Pricing Policies .....	33
E.	Standards, Technical Regulations and Conformity Assessments .....	34
F.	Government Procurement .....	37
IX.	Services .....	39
A.	Financial Services .....	40
B.	Telecommunications .....	41
C.	Computer and Related Services .....	41



D.	Distribution Services .....	42
E.	Audio-Visual and Media Services .....	42
X.	Intellectual Property Rights .....	43
A.	Legal Framework .....	43
B.	Enforcement .....	47
XI.	Investment.....	50
A.	Trade-Related Investment Measures.....	50
B.	Special Economic Zones .....	52
XII.	Rule of Law.....	52
A.	Eurasian Economic Union.....	53
B.	Transparency .....	53
C.	Judicial Review .....	55
XIII.	Conclusion .....	56

## **I. Introduction**

Russia became a Member of the World Trade Organization (WTO) on August 22, 2012, 19 years after first applying to join the *General Agreement on Tariffs and Trade 1947* (GATT 1947) in 1993.<sup>1</sup> During the years leading up to accession, Russia adopted numerous measures (laws, regulations, resolutions, decrees, and other directives) to modernize its economy and create a stable business environment. Through the WTO accession negotiation process, WTO Members worked with Russia to ensure that Russia's legal regime incorporated the key WTO principles of national treatment, most-favored nation (MFN) treatment, transparency, and, more generally, the rule of law. The *Report of the Working Party on the Accession of the Russian Federation to the World Trade Organization* (WPR), reflecting the results of Russia's work and the accession negotiations, discusses the process by which Russia became a WTO Member.

This Report on the Implementation and Enforcement of Russia's WTO Commitments (the Russia WTO Report) for 2019 is prepared pursuant to section 201(a) of the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208) (the Act). This provision requires the U.S. Trade Representative, not later than one year after the United States extends permanent normal trade relations (PNTR) to the products of Russia, and annually thereafter, to submit a report to the Committee on Finance of the U.S. Senate and the Committee on Ways and Means of the U.S. House of Representatives assessing the extent to which Russia is implementing the WTO Agreement (including the Agreement on the Application of Sanitary and Phytosanitary Measures and the Agreement on Trade-Related Aspects of Intellectual Property Rights) and the progress Russia has made in joining the Information Technology Agreement (ITA) and the Agreement on Government Procurement (GPA). In addition, to the extent that the U.S. Trade Representative believes that Russia is not fully implementing its WTO commitments or not sufficiently progressing to join the ITA and the GPA, the Report is to describe the actions that USTR plans to take to encourage Russia to improve its implementation of its commitments or increase its progress toward acceding, as the case may be.

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<sup>1</sup> In 1994, Russia's GATT Working Party was transformed into a working party on its accession to the WTO.

The 2019 Russia WTO Report is also prepared pursuant to section 201(b) of the Act that requires that the U.S. Trade Representative submit annually a report to the Committee on Finance of the U.S. Senate and the Committee on Ways and Means of the U.S. House of Representatives describing the enforcement actions taken by USTR to ensure Russia's full compliance with its obligations as a Member of the WTO.<sup>2</sup> The 2019 Russia WTO Report thus provides an assessment of the extent to which Russia is implementing its WTO commitments, an enumeration of the steps USTR has taken to enforce those commitments, and a description of the actions USTR plans to take in the coming year to press Russia to comply with its WTO obligations.

In the development of this Report, USTR has drawn on the expertise of numerous individuals who have studied and worked with Russia over the years. USTR solicited comments from interested parties, both throughout the year and in the preparation of this Report,<sup>3</sup> and collected information from other U.S. Government agencies, particularly the U.S. Embassy in Moscow. USTR staff also called on their years of experience studying and analyzing Russia's economic policies, including negotiating Russia's WTO accession. In addition, on October 8, 2019, USTR hosted a hearing in Washington, DC, before the Trade Policy Staff Committee at which two parties testified.<sup>4</sup>

## **II. Executive Summary**

U.S. trade in goods with Russia has fluctuated since Russia joined the WTO in 2012. Imports fell steadily from 2012 (when Russia joined the WTO) until 2016, rose from 2016 to 2018, but only to a level far below 2012 import levels. Imports of goods for the first nine months of 2019 have been at virtually the same level as imports in the first nine months of 2018. U.S. exports to Russia have been more varied: rising from 2012 to 2013, falling from 2013 to 2016, rising for a

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<sup>2</sup> In addition, the U.S. Trade Representative and the Secretary of State are required to submit annually to the same committees a report that describes the actions the agencies have taken to promote the rule of law in Russia and that discloses the status of any pending petition for espousal filed with the Secretary of State by a U.S. investor in Russia. That report will be submitted separately.

<sup>3</sup> See Appendix 1 for list of parties who filed public comments.

<sup>4</sup> See Appendix 2 for a list of witnesses that testified at the hearing.

single year, but then falling from 2017 to 2018. Exports continued to fall in the first nine months of 2019 compared to the same period in 2018.

In 2018, U.S. goods exports to Russia totaled \$6.7 billion, down 4.9 percent (\$344 million) from 2017 and down 28.7 percent from ten years ago. Top export categories included aircraft (\$1.9 billion), machinery (\$1.3 billion), vehicles (\$867 million), optical and medical instruments (\$534 million), and electrical machinery (\$384 million). In 2018, U.S. goods imports from Russia totaled \$20.9 billion, up 22.4 percent (\$3.8 billion) from 2017, but down 22.1 percent from ten years ago. Top import categories included mineral fuels (\$10 billion), iron and steel (\$2.8 billion), precious metal and stone (platinum) (\$1.6 billion), aluminum (\$964 million), and fertilizers (\$923 million). U.S. exports of services to Russia were an estimated \$4.9 billion in 2018, down slightly from 2017, but up 14.8 percent over the last decade. Leading services exports from the United States to Russia were in the financial services, travel, and intellectual property (industrial processes) sectors.

Seven years after its WTO accession, Russia has implemented nearly all of its final tariff bindings. In 2019, Russia implemented new final bound rates for 53 non-agricultural lines, leaving only 24 tariff lines to be reduced in 2020. Also in 2019, Russia confirmed that it had updated the legislation on customs valuation and implemented a ceiling on trade-distorting domestic support payments. Consistent with WTO transparency rules, Russia notified some measures to the relevant WTO committees. Aside from these few positive steps, however, Russia appears to have done little to foster an open market based on WTO disciplines.

As noted in last year's Report, Russia has imposed tariffs ranging from 25 percent to 40 percent on various industrial products imported from the United States in retaliation against the President's decision to adjust U.S. imports of steel and aluminum articles under Section 232 of the Trade Expansion Act of 1962, as amended. The United States has challenged the WTO consistency of the retaliatory tariffs and will monitor the Eurasian Economic Commission's anti-dumping investigations to prevent the imposition of WTO-inconsistent tariffs.

Russia has also controlled exports, through tariffs or quantitative restrictions. In 2019, Russia restricted temporarily the export of ferrous scrap and waste as well as raw hides. The United

States will continue to analyze Russia's export regulatory regime to ensure its consistency with WTO disciplines and will pursue WTO options as appropriate.

The bulk of Russia's trade restrictive actions, however, are non-tariff barriers on imports. Russia maintains a cumbersome and opaque import licensing regime on products with cryptographic capabilities. It has begun to introduce a "track and trace" regime that will require an encrypted label on every product and raises the specter of a new tool to interrupt customs clearance. The United States will work with Russia, as permitted, to ensure the WTO consistency of this new regime and limit the adverse impact of the regime on U.S. exports.

Russia continues to protect its agricultural sector through a variety of measures. In addition to the import ban on nearly all agricultural goods from the United States and some other WTO Members, Russia maintains other unjustified non-tariff barriers to U.S. agricultural exports. Although Russia removed its transit ban on poultry bound for Kazakhstan, it introduced onerous reporting conditions. Russia also continues to reject exporting countries' guarantees on export establishments, maintain veterinary controls on low risk products, and refuse to engage constructively on new veterinary certificates. The United States continues to raise concerns about Russia's sanitary and phytosanitary requirements that are not consistent with international standards or based on scientific justification.

The United States has also raised questions about Russia's technical regulations, in particular those applicable to alcoholic products, medical devices, and the adoption of certain good regulatory practices. In the coming year, the United States will work to ensure Russia meets its transparency obligations and its commitment to rely on international standards.

One of the WTO's fundamental goals is the creation of a level playing field for all goods, most importantly through the GATT 1947 Article II national treatment obligation. The United States has questioned whether a number of Russia's policies and practices are consistent with its national treatment obligations, specifically how Russia implements its recycling fee, copyright levy system, value-added tax on movie distribution, and excise taxes on wine. Further tilting the playing field, Russia provides subsidies to many of its producers, and the United States has continued to press for information on those programs and to highlight any inconsistencies with the relevant WTO disciplines. The United States has also sought information from Russia about

its pricing policies on natural gas and railway tariffs to ensure that Russia is not using such policies to protect its market.

The United States, working with other WTO Members, continues to question the expansion and WTO consistency of Russia's array of import substitution policies. Initially applied only to government procurement, Russia has expanded its general localization/domestic content policies well beyond government procurement to apply to its state-owned enterprises, and often by implication to the private sector. The continuation, and indeed expansion, of such policies suggest a rejection of the WTO's market-opening principles of the Government Procurement Agreement and the WTO as a whole. The United States continues to press Russia on these practices in the WTO to ensure that Russia meets its WTO obligations.

Russia's localization policies have not been limited to just goods but are beginning to impact exports of U.S. services to Russia as well. The United States has raised questions about Russia's data localization law and limits on foreign ownership in the audio-visual and media service sectors. The United States will continue to remind Russia of its national treatment obligations across the range of service sectors.

On the critical issue of protection and enforcement of intellectual property (IP) rights, the United States has questioned Russia's implementation of its commitments on data exclusivity and patent protection and has raised concerns with Russia's collective management regime. In addition, the United States is concerned about Russia's reliance on new provisions of the *Agreement on Trade-Related Aspects of Intellectual Property Rights* to justify the issuance of compulsory licenses. Overall, Russia's IP enforcement efforts remain weak. The United States will continue its efforts to ensure that Russia meets its WTO obligations to protect and enforce IP rights.

Finally, although WTO accession has, in general, made the rules-making process in Russia more transparent, the United States continues to press Russia to notify the WTO about draft measures in a timely manner to give trading partners an opportunity to express their concerns before potentially WTO-inconsistent measures are passed into law.

Overall, Russia's accelerating withdrawal from the market-opening rules of the WTO erects unwarranted barriers to U.S. exports of goods and services. Since early 2014, the U.S.



Governor Mike Dunleavy  
STATE OF ALASKA

March 7, 2022

The Honorable David Johanson  
Chairman  
U.S. International Trade Commission  
500 E. Street, SW  
Washington, DC 20436

Dear Chairman Johanson:

While war in Europe is waged on civilians by Russia, I urge you to investigate a different set of unfair and unlawful activities by Russia. Activities that provide Russia with funding to support its aggression. Specifically, the unrestricted importation of Russian seafood into the United States while Russia bans the export of any seafood into Russia from the United States.

Under federal law, 19 U.S.C. section 1337(a)(1)(A)(i), prohibits "unfair methods of competition and unfair acts in the importation of goods ... the effect of which is ... to substantially injure an industry in the United States ...". The Commissioner is authorized to "deal with" such unfair practices. I urge you to ban Russian seafood imports because it results from unfair methods of competition and because of Russian aggression and war crimes against the citizens of Ukraine.

This is not a new issue. On August 7, 2014, Russia imposed an arbitrary ban on food imports from the United States, including Alaska seafood, while freely exporting its own seafood into the United States. This had an immediate negative effect on Alaska companies. See, Alaska Seafood Marketing Institute (ASMI) report, attached. While providing Russia with hundreds of millions of dollars for its efforts against freedom.

Russian action was taken in 2014 as retaliation for Western sanctions over the Ukraine crisis. The Office of International Trade has studied and documented the unfair trade practices that resulted. (Copy attached) That report noted:

"In addition to the import ban on nearly all agricultural goods from the United States and some other WTO Members, Russia maintains other unjustified non-tariff barriers to U.S. agricultural exports."

Trade Report, p.4. Despite indisputable evidence of Russian unfair trade practices, no actions have been taken by either the Office of International Trade or the U.S. International Trade Commission to protect Alaskan companies and jobs.

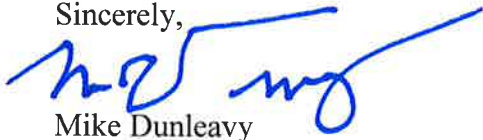
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Page 2 of 2

Without action, Russia will continue to grow its seafood exports. ASMI estimates that unless action is taken, Russia will use its unfair trade practices to grow the annual value of its seafood exports by 2024 to over \$8 billion a year. ASMI Report, p.2. Funds from the sale of Russian seafood will continue to finance Russia's actions in Ukraine and elsewhere.

Sincerely,



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## Russia Bans Food Imports from Western Nations

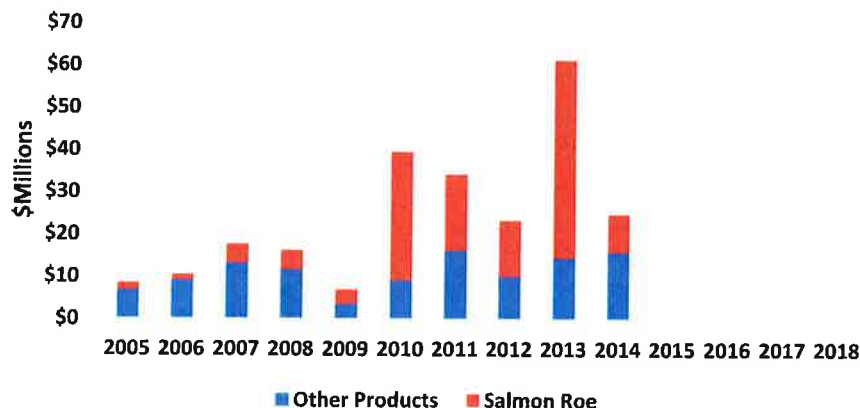
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In fact, **the value of Russian seafood imported by the U.S. has grown 69 percent since 2013, the year preceding the Russian embargo.**

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## Contents

I.	Introduction .....	1
II.	Executive Summary .....	2
III.	Russia and the Customs Union/Eurasian Economic Union .....	6
IV.	Russia in the World Trade Organization .....	7
V.	Import Regulation .....	8
A.	Tariffs and Border Fees .....	8
B.	Customs Fees .....	10
C.	Customs Valuation .....	10
D.	Trade Facilitation .....	11
E.	Trading Rights .....	12
F.	Quantitative Restrictions .....	13
G.	Import Licensing .....	14
H.	Trade Remedies .....	16
VI.	Export Regulation .....	17
VII.	Agriculture .....	19
A.	Sanitary and Phytosanitary Measures .....	19
B.	Domestic Supports and Export Subsidies .....	25
VIII.	Internal Policies Affecting Trade .....	26
A.	Non-Discrimination .....	26
B.	Industrial Policy, Including Subsidies .....	29
C.	State-Owned, -Controlled, and -Trading Enterprises .....	31
D.	Pricing Policies .....	33
E.	Standards, Technical Regulations and Conformity Assessments .....	34
F.	Government Procurement .....	37
IX.	Services .....	39
A.	Financial Services .....	40
B.	Telecommunications .....	41
C.	Computer and Related Services .....	41

D.	Distribution Services .....	42
E.	Audio-Visual and Media Services .....	42
X.	Intellectual Property Rights .....	43
A.	Legal Framework .....	43
B.	Enforcement .....	47
XI.	Investment.....	50
A.	Trade-Related Investment Measures.....	50
B.	Special Economic Zones .....	52
XII.	Rule of Law.....	52
A.	Eurasian Economic Union.....	53
B.	Transparency .....	53
C.	Judicial Review .....	55
XIII.	Conclusion .....	56

## **I. Introduction**

Russia became a Member of the World Trade Organization (WTO) on August 22, 2012, 19 years after first applying to join the *General Agreement on Tariffs and Trade 1947* (GATT 1947) in 1993.<sup>1</sup> During the years leading up to accession, Russia adopted numerous measures (laws, regulations, resolutions, decrees, and other directives) to modernize its economy and create a stable business environment. Through the WTO accession negotiation process, WTO Members worked with Russia to ensure that Russia's legal regime incorporated the key WTO principles of national treatment, most-favored nation (MFN) treatment, transparency, and, more generally, the rule of law. The *Report of the Working Party on the Accession of the Russian Federation to the World Trade Organization* (WPR), reflecting the results of Russia's work and the accession negotiations, discusses the process by which Russia became a WTO Member.

This Report on the Implementation and Enforcement of Russia's WTO Commitments (the Russia WTO Report) for 2019 is prepared pursuant to section 201(a) of the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208) (the Act). This provision requires the U.S. Trade Representative, not later than one year after the United States extends permanent normal trade relations (PNTR) to the products of Russia, and annually thereafter, to submit a report to the Committee on Finance of the U.S. Senate and the Committee on Ways and Means of the U.S. House of Representatives assessing the extent to which Russia is implementing the WTO Agreement (including the Agreement on the Application of Sanitary and Phytosanitary Measures and the Agreement on Trade-Related Aspects of Intellectual Property Rights) and the progress Russia has made in joining the Information Technology Agreement (ITA) and the Agreement on Government Procurement (GPA). In addition, to the extent that the U.S. Trade Representative believes that Russia is not fully implementing its WTO commitments or not sufficiently progressing to join the ITA and the GPA, the Report is to describe the actions that USTR plans to take to encourage Russia to improve its implementation of its commitments or increase its progress toward acceding, as the case may be.

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<sup>1</sup> In 1994, Russia's GATT Working Party was transformed into a working party on its accession to the WTO.



The 2019 Russia WTO Report is also prepared pursuant to section 201(b) of the Act that requires that the U.S. Trade Representative submit annually a report to the Committee on Finance of the U.S. Senate and the Committee on Ways and Means of the U.S. House of Representatives describing the enforcement actions taken by USTR to ensure Russia's full compliance with its obligations as a Member of the WTO.<sup>2</sup> The 2019 Russia WTO Report thus provides an assessment of the extent to which Russia is implementing its WTO commitments, an enumeration of the steps USTR has taken to enforce those commitments, and a description of the actions USTR plans to take in the coming year to press Russia to comply with its WTO obligations.

In the development of this Report, USTR has drawn on the expertise of numerous individuals who have studied and worked with Russia over the years. USTR solicited comments from interested parties, both throughout the year and in the preparation of this Report,<sup>3</sup> and collected information from other U.S. Government agencies, particularly the U.S. Embassy in Moscow. USTR staff also called on their years of experience studying and analyzing Russia's economic policies, including negotiating Russia's WTO accession. In addition, on October 8, 2019, USTR hosted a hearing in Washington, DC, before the Trade Policy Staff Committee at which two parties testified.<sup>4</sup>

## **II. Executive Summary**

U.S. trade in goods with Russia has fluctuated since Russia joined the WTO in 2012. Imports fell steadily from 2012 (when Russia joined the WTO) until 2016, rose from 2016 to 2018, but only to a level far below 2012 import levels. Imports of goods for the first nine months of 2019 have been at virtually the same level as imports in the first nine months of 2018. U.S. exports to Russia have been more varied: rising from 2012 to 2013, falling from 2013 to 2016, rising for a

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<sup>2</sup> In addition, the U.S. Trade Representative and the Secretary of State are required to submit annually to the same committees a report that describes the actions the agencies have taken to promote the rule of law in Russia and that discloses the status of any pending petition for espousal filed with the Secretary of State by a U.S. investor in Russia. That report will be submitted separately.

<sup>3</sup> See Appendix 1 for list of parties who filed public comments.

<sup>4</sup> See Appendix 2 for a list of witnesses that testified at the hearing.

single year, but then falling from 2017 to 2018. Exports continued to fall in the first nine months of 2019 compared to the same period in 2018.

In 2018, U.S. goods exports to Russia totaled \$6.7 billion, down 4.9 percent (\$344 million) from 2017 and down 28.7 percent from ten years ago. Top export categories included aircraft (\$1.9 billion), machinery (\$1.3 billion), vehicles (\$867 million), optical and medical instruments (\$534 million), and electrical machinery (\$384 million). In 2018, U.S. goods imports from Russia totaled \$20.9 billion, up 22.4 percent (\$3.8 billion) from 2017, but down 22.1 percent from ten years ago. Top import categories included mineral fuels (\$10 billion), iron and steel (\$2.8 billion), precious metal and stone (platinum) (\$1.6 billion), aluminum (\$964 million), and fertilizers (\$923 million). U.S. exports of services to Russia were an estimated \$4.9 billion in 2018, down slightly from 2017, but up 14.8 percent over the last decade. Leading services exports from the United States to Russia were in the financial services, travel, and intellectual property (industrial processes) sectors.

Seven years after its WTO accession, Russia has implemented nearly all of its final tariff bindings. In 2019, Russia implemented new final bound rates for 53 non-agricultural lines, leaving only 24 tariff lines to be reduced in 2020. Also in 2019, Russia confirmed that it had updated the legislation on customs valuation and implemented a ceiling on trade-distorting domestic support payments. Consistent with WTO transparency rules, Russia notified some measures to the relevant WTO committees. Aside from these few positive steps, however, Russia appears to have done little to foster an open market based on WTO disciplines.

As noted in last year's Report, Russia has imposed tariffs ranging from 25 percent to 40 percent on various industrial products imported from the United States in retaliation against the President's decision to adjust U.S. imports of steel and aluminum articles under Section 232 of the Trade Expansion Act of 1962, as amended. The United States has challenged the WTO consistency of the retaliatory tariffs and will monitor the Eurasian Economic Commission's anti-dumping investigations to prevent the imposition of WTO-inconsistent tariffs.

Russia has also controlled exports, through tariffs or quantitative restrictions. In 2019, Russia restricted temporarily the export of ferrous scrap and waste as well as raw hides. The United

States will continue to analyze Russia's export regulatory regime to ensure its consistency with WTO disciplines and will pursue WTO options as appropriate.

The bulk of Russia's trade restrictive actions, however, are non-tariff barriers on imports. Russia maintains a cumbersome and opaque import licensing regime on products with cryptographic capabilities. It has begun to introduce a "track and trace" regime that will require an encrypted label on every product and raises the specter of a new tool to interrupt customs clearance. The United States will work with Russia, as permitted, to ensure the WTO consistency of this new regime and limit the adverse impact of the regime on U.S. exports.

Russia continues to protect its agricultural sector through a variety of measures. In addition to the import ban on nearly all agricultural goods from the United States and some other WTO Members, Russia maintains other unjustified non-tariff barriers to U.S. agricultural exports. Although Russia removed its transit ban on poultry bound for Kazakhstan, it introduced onerous reporting conditions. Russia also continues to reject exporting countries' guarantees on export establishments, maintain veterinary controls on low risk products, and refuse to engage constructively on new veterinary certificates. The United States continues to raise concerns about Russia's sanitary and phytosanitary requirements that are not consistent with international standards or based on scientific justification.

The United States has also raised questions about Russia's technical regulations, in particular those applicable to alcoholic products, medical devices, and the adoption of certain good regulatory practices. In the coming year, the United States will work to ensure Russia meets its transparency obligations and its commitment to rely on international standards.

One of the WTO's fundamental goals is the creation of a level playing field for all goods, most importantly through the GATT 1947 Article II national treatment obligation. The United States has questioned whether a number of Russia's policies and practices are consistent with its national treatment obligations, specifically how Russia implements its recycling fee, copyright levy system, value-added tax on movie distribution, and excise taxes on wine. Further tilting the playing field, Russia provides subsidies to many of its producers, and the United States has continued to press for information on those programs and to highlight any inconsistencies with the relevant WTO disciplines. The United States has also sought information from Russia about

its pricing policies on natural gas and railway tariffs to ensure that Russia is not using such policies to protect its market.

The United States, working with other WTO Members, continues to question the expansion and WTO consistency of Russia's array of import substitution policies. Initially applied only to government procurement, Russia has expanded its general localization/domestic content policies well beyond government procurement to apply to its state-owned enterprises, and often by implication to the private sector. The continuation, and indeed expansion, of such policies suggest a rejection of the WTO's market-opening principles of the Government Procurement Agreement and the WTO as a whole. The United States continues to press Russia on these practices in the WTO to ensure that Russia meets its WTO obligations.

Russia's localization policies have not been limited to just goods but are beginning to impact exports of U.S. services to Russia as well. The United States has raised questions about Russia's data localization law and limits on foreign ownership in the audio-visual and media service sectors. The United States will continue to remind Russia of its national treatment obligations across the range of service sectors.

On the critical issue of protection and enforcement of intellectual property (IP) rights, the United States has questioned Russia's implementation of its commitments on data exclusivity and patent protection and has raised concerns with Russia's collective management regime. In addition, the United States is concerned about Russia's reliance on new provisions of the *Agreement on Trade-Related Aspects of Intellectual Property Rights* to justify the issuance of compulsory licenses. Overall, Russia's IP enforcement efforts remain weak. The United States will continue its efforts to ensure that Russia meets its WTO obligations to protect and enforce IP rights.

Finally, although WTO accession has, in general, made the rules-making process in Russia more transparent, the United States continues to press Russia to notify the WTO about draft measures in a timely manner to give trading partners an opportunity to express their concerns before potentially WTO-inconsistent measures are passed into law.

Overall, Russia's accelerating withdrawal from the market-opening rules of the WTO erects unwarranted barriers to U.S. exports of goods and services. Since early 2014, the U.S.

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Governor Mike Dunleavy  
STATE OF ALASKA

March 7, 2022

The Honorable Joseph R. Biden  
President of the United States  
The White House  
1600 Pennsylvania Avenue, NW  
Washington D.C. 20500

Dear President Biden,

As you know, war in Europe is being waged by Russia on the Ukraine and innocent civilians. President Zelensky has pleaded with you and Congress to provide lethal aid and impose a complete ban on imports of Russian oil. I urge you to support Ukraine's request, and immediately impose a ban on Russian oil.

Alaska stands ready to fill any temporary gap in supply that would be created by the ban. While not immediate, the Willow project in NPR-A is nearly shovel ready and can provide a domestic source of oil that creates jobs for Alaskans and avoids funding activities by Russia such as the slaughter of innocent civilians occurring now in Ukraine. The project is supported by a significant number of Alaska Natives and Alaska Native organizations from the North Slope. The Willow project will provide economic value and national security benefits to the nation, Alaska, and Alaska Native residents of the North Slope.

Production from Willow will also be much cleaner and better for the environment than the production of oil in Russia which flares off large quantities of gas and methane. Russian environmental and pipeline safety laws are so weak that leaks are intentionally hidden for months and:

"[a]ccording to the Russian Ministry of Energy, there were over 17,000 leaks in 2019, mostly from pipelines. That data suggests an oil spill is happening somewhere in Russia almost every half hour. By comparison, the US recorded 137 spills in 2018."

*"Why Russia has so many oil leaks", Deutsche Well News, March 29, 2021, copy attached.*

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy  
Governor

cc: The Honorable Lisa Murkowski, United States Senate  
The Honorable Dan Sullivan, United States Senate  
The Honorable Don Young, United States House of Representatives

## ENVIRONMENT

# Why Russia has so many oil leaks

With an oil leak occurring somewhere in the country almost every half hour, Russia records many more spills than other oil-rich states. One hotspot is the Komi Republic in the far north.



Men cleaning an oil spill from a river near the Komi Republic town of Usinsk in Russia's far north

On an August morning in 1994, Ekaterina Dyachkova took her usual walk down to the Pechora River in her village of Novikbozh in Russia's far north. As she approached, a strange smell stung her nose, and when she reached the water, she realized it was black. Boats and their oars were [covered in oil](#).

"Our fishermen were coming back with sticky black nets," Dyachkova, a 62-year-old biology teacher and school director, told DW. "It smelled



The oil spill, which had occurred at nearby drilling sites in the Komi Republic town of Usinsk, went down in history as one of the biggest ever on land. Later, research revealed that multiple breaches in old Soviet pipelines had been leaking for eight months, with the fact being hidden from the public for as long as possible. When an oil slick 15 centimeters (6 inches) deep reached the river, however, the disaster was all too evident.



The 1994 oil spill in Russia's far north went down in history as one of the biggest ever on land



Ekaterina Dyachkova has been working to confront the oil giants ever since the disaster

The full scale of the accident is still unknown, with estimates on the amount of oil that spilled ranging from **100,000 to 200,000 tons**. More than **120 hectares** (300 acres) of fragile tundra were contaminated. Cattle developed tuberculosis, and researchers found oil inside fish, whose bone structure had also been deformed.

Without enough clean-up equipment, villagers resorted to scraping oil from the ground and skimming it out of the water with shovels. Affected areas were set on fire to burn the oil off the ground — the cheapest clean-up method, but the most damaging for ecosystems.



When oil covers birds' feathers, they can't move and suffocate as a result

"Later, we received compensation of 36 rubles. We had to laugh because all you could get for that money was two bottles of vodka," Dyachkova remembered.

### 'Welcome to the oil capital of Komi Republic'

There is a long history of oil in the northwestern Komi Republic. It was here, back in the 15th century, that Russian oil was first mentioned. In the 1960s, the town of Usinsk was a settlement for oil workers, but two decades later it had become a city built around one industry.





The oil town of Usinsk is located in the far north and belongs to Russia's Arctic territory

The roughly 40,000-strong town now greets new airport arrivals with a sign that reads "Welcome to the oil capital of Komi Republic."

The claim is not exaggerated. By the end of the 1990s, Usinsk oil workers had extracted some 200 million tons of oil. Nowadays, they drill an average of 9 million tons annually — more than half of Komi's total production.

Currently, Russian oil giants Lukoil and Rosneft are the biggest local players.

Even though locals like Dyachkova have been spared another major disaster, oil spills and accidents are common.

When an oil well near Novikbozh [caught fire in 2017](#) and flames blazed for a month, winds carried black thick smog and toxic particles across the tundra. In autumn last year, [another oil spill](#) contaminated a river where locals go fishing.

### Oil at any cost

Life in Komi villages like Novikbozh is hard. Winter temperatures can drop to -45 degrees Celsius (-49 degrees Fahrenheit). And despite being located in an oil heartland, most homes like Dyachkova's small one-floor house are heated by wood-burning stoves. With no running water, locals often collect water from creeks, but they don't know whether it's completely free from oil and safe to use.



© Tatiana Kondratenko/DW

Water has to be collected from creeks, even in the coldest weather

Since 1994, Dyachkova has been part of the "Save Pechora Committee," a local NGO focused on protecting the environment by documenting suspected leaks in the region.

Yet for all that, Dyachkova is not opposed to the oil industry, which employs many people from the area. She just wants companies to act responsibly.

"People should have a choice to live in normal conditions with clean air and water," Dyachkova said.

Fellow Novikbozh resident Galina Chuprova, who works at the village post office and is also active in the NGO, says "laws are crafted in a way that grants oil companies a green light for everything but offers nothing in return for us."



© Tatiana Kondratenko/DW

The village of Novikbozh has numerous oil wells nearby

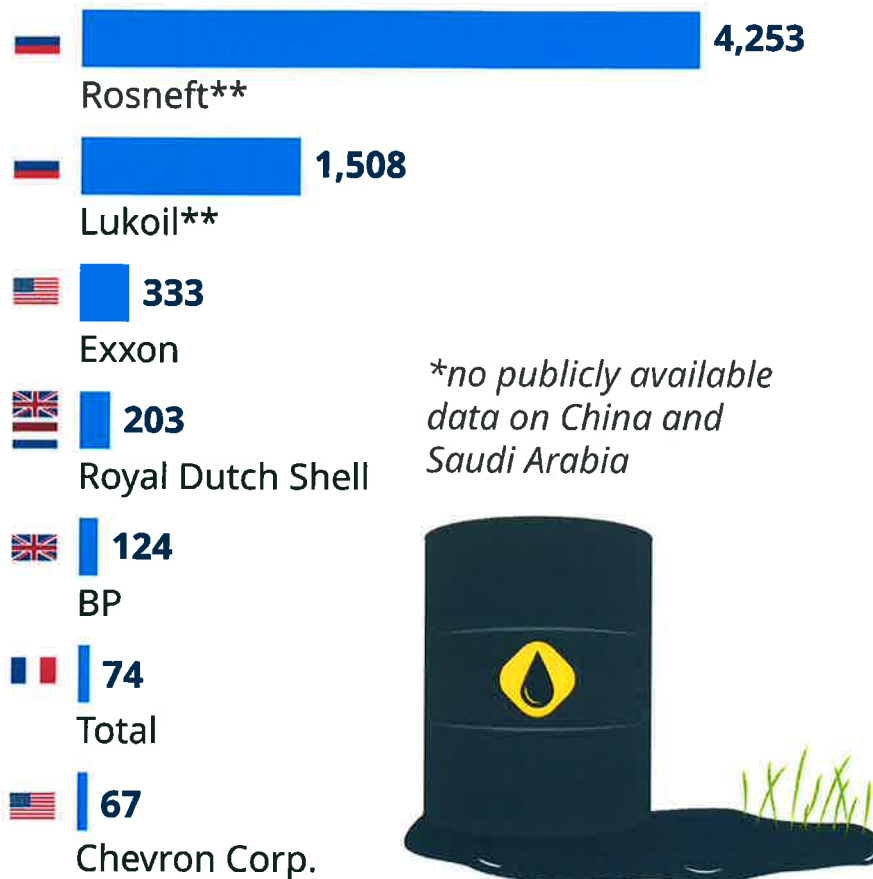
Greenpeace Russia campaign director Vladimir Chuprov agrees with this description. He says the industry, which is essential to both the regional and national economies, is "floating in conditions where companies operate outside of the legal framework."

He says because oil companies are granted governmental subsidies and tax breaks and, most importantly, environmental laws are inadequate, they can "get away from the financial responsibilities of oil spills and the social and environmental consequences,"

Oil spills are by no means restricted to this region. According to the [Russian Ministry of Energy](#), there were over 17,000 leaks in 2019, mostly from pipelines. That data suggests an oil spill is happening somewhere in Russia almost every half hour. By comparison, the US [recorded](#) 137 spills in 2018. In Canada, where climate conditions at oil wells are similar to those in Russia, only 60 events with oil releases were [documented](#) in 2019.

## Oil spills by major companies\*

Total number of spills > 1 barrel in 2018



Sources: BP, ExxonMobil, Chevron, Royal Dutch Shell, Total,  
\*\*Greenpeace Russia

\*DW reached out to Rosneft and Lukoil to comment on data from Greenpeace Russia, but they didn't respond

Russia's pipeline system is one of the longest in the world and was largely developed in the Soviet era. Oil pipelines alone stretch for 53,000 kilometers (32,933 miles) — more than once around the whole Earth.

However, more than half of all oil pipelines in the country are worn from age, which is causing most of the leaks, says Russia's Natural Resources and Environment Ministry.

Oil workers from companies operating in Russia's far north confirmed in anonymous interviews with DW that the infrastructure at some oil wells is inadequate.

## Drilling under the watch of social media

Russia remains the second-biggest oil producer in the world. With the new vast [Vostok Oil project](#) in the Arctic, it is clear the country intends to stay on the fossil fuels path.

These days, that also means dealing with the growing public criticism on social media. Companies are confronted with evidence and forced to react.

"In recent years, we've been receiving more information from the ground, from journalists and locals. They witness spills and make them public on social media," said Alexey Knizhnikov, head of WWF-Russia's environmental responsibility program for business.

And this method seems to work. On May 29 last year, [20,000 tons of oil spilled](#) into a lake in Russia's Arctic north. Mining giant Nornickel did not inform the public for a couple of days, but pictures quickly spread on social media and made headlines in Russian and international media. Nornickel stresses to have duly notified authorities about the accident the same day it happened acting in line with the emergency response plan. However, an official press release regarding the accident was not published until two days later. Ultimately, Nornickel was forced to pay a fine to the tune of 146 billion rubles (\$2 billion, €1.62 billion) — the largest ever for environmental damage in Russia.



Dyachkova's 'evening reading': boxes with documents about new local oil projects

Ekaterina Dyachkova wants to see companies made accountable like this more often. In her hallway, there are two boxes of documents relating to new oil projects across the region. The last seismic test searching for drilling points went right through her garden.

"If they build a new oil derrick right next to my village saying it's safe for us, then I would like people in charge of these projects to come and live here with their children," said Dyachkova.

*A previous version of this article referred to WWF-Russia as Russia World Wide Fund. This error has now been corrected. This article was last updated on April 1 to add Nornickel's position.*



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Governor Mike Dunleavy  
STATE OF ALASKA

March 7, 2022

The Honorable Jennifer Granholm  
Secretary, Department of Energy  
James V. Forrestal Building  
1000 Independence Avenue, SW  
Washington, DC 20585

The Honorable Lloyd J. Austin III  
Secretary, Department of Defense  
1400 Defense, Pentagon  
Washington, DC 20301

Dear Secretary Granholm and Secretary Austin:

I am writing to ask you to take immediate steps to develop a domestic supply chain of rare earths and critical minerals that includes new mines in Alaska. I am also writing to ask you work with the President and other agency Secretaries to block the export or access to technology or materials from the United States that could assist Russia in developing its rare earth industry. This prohibition should include financial investments by United States companies. There should also be a complete ban on importation of any products or items containing Russian rare earths or critical mineral components.

First, as you know, the domestic supply chain of rare earth and critical minerals is nearly entirely dependent on China. Rare earths are critical for defense, renewable energy, electric vehicles, and other purposes. China has withheld supplies of rare earths in the past over disputes with other countries. China views rare earths the way OPEC views oil. China's control of the market presents an obvious and unacceptable danger to national security.

Second, Unlike Alaska and the rest of the United States, Chinese rare earth mines operate under virtually no environmental protections. This has caused toxic and radioactive wastewater and tailings ponds "that leak acids, heavy metals, and radioactive elements into groundwater." *Boom in Mining Rare Earths Poses Mounting Toxic Risks*, January 28, 2013. China itself has acknowledged the problems:

[t]he country's rare earths operations are causing increasingly significant environmental problems. A half century of rare earths mining and processing has severely damaged surface vegetation, caused soil erosion, pollution, and acidification, and reduced or even eliminated food crop output, ... Chinese rare

The Honorable Jennifer Granholm  
The Honorable Lloyd J. Austin III  
March 7, 2022  
Page 2 of 2

earth plants typically produce wastewater with high concentrations of radioactive residues.”

*Id.*, p.3, China State Council.

The Department of Defense (DOD) has recognized the threat reliance on Chinese rare earths represents, “Domestic production of strategic and critical materials is the ultimate hedge against the risk of deliberate non-market interference in extended overseas supply chains.” *U.S. Needs more mines to boost rare earths supply chain, Pentagon says*, Reuters, October 19, 2021.

Yet DOD has decided to source rare earths from mines outside the United States. DOD awarded a Defense Production Act Title III technology investment agreement to Lynas Rare Earth’s Inc., an Australian company. “Lynas aims to ship rare earths from its mine in Western Australia for final processing at the Texas facility”. *Australia’s Lynas wins funding for U.S. Heavy Rare Earth’s Facility*, Reuters, April 21, 2020, copy attached.

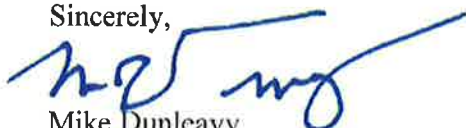
Sourcing rare earths from a location 8500 miles away continues to leave the United States rare earth supply chain vulnerable to interruptions and events outside the control of the United States. Alaskan and American families could also benefit from high paying jobs related to mining.

Third, Russia is planning to greatly expand its rare earth mining and industry. Russia uses rare earths for military purposes and the petrochemical industry while also becoming a major exporter to the rest of the world. *Russia has \$1.5 billion plan to dent China’s rare earth dominance*, Reuters, August 12, 2020.

Russia’s war crimes in the Ukraine and its lack of environmental protections justify a ban on export of mining and processing technology, and any other item Russia could use to build its rare earth industry. Investment by U.S. companies in Russian rare earths should be prohibited, and the import of any articles or items with a component of Russian rare earth or critical minerals should be completely prohibited.

Please focus on Alaska as a secure domestic source for mining and processing rare earths. My Administration is available for meetings on this topic at your convenience.

Sincerely,



Mike Dunleavy  
Governor

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Governor Mike Dunleavy  
STATE OF ALASKA

March 7, 2022

The Honorable Kenneth Braithwaite  
Secretary of the Navy  
1000 Navy Pentagon  
Washington, D.C. 20350-1000

Dear Secretary Braithwaite:

I write to request your assistance in advancing the presence and physical infrastructure for the United States Navy in Alaska. The war in Ukraine, the Russian slaughter of civilians, and Russia's placement of nuclear weapons on high alert, demonstrates there has never been a better time to invest in Alaska for our national security.

I urge you to expand the Navy submarine facilities at Back Island in Southeast Alaska; select a deep-water port in Alaska as a homeport for a submarine; reopen the Navy base in Adak and homeport Navy vessels there. Finally, please coordinate with the Army Corps of Engineers and see if the design of the Nome Port can accommodate visits and use by Navy vessels. If so, please advise the Corps immediately. I have supported state funding for match on the port in a general obligation bond bill submitted to the Legislature.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy", is written over a horizontal line.

Mike Dunleavy  
Governor

cc: The Honorable Torrence Saxe, Commissioner, Department of Military and Veterans Affairs