

Invasion of Ukraine: Russia's Trade Status, Tariffs, and WTO Issues

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Following Russia's invasion of Ukraine, the United States and its allies imposed [financial sanctions](#) and taken [trade actions](#). Some Members of Congress have introduced legislation (e.g., H.R. 6835, H.R. 6905, H.R. 7014, S. 3725, S. 3717, S. 3786) to revoke Russia's permanent normal trade relations (PNTR) status, which provides unconditional nondiscriminatory, most-favored nation (MFN) treatment to goods and services traded with Russia. The proposals would suspend PNTR with Russia (and Belarus); seek to suspend Russia's membership in the World Trade Organization (WTO); and provide authority to restore PNTR under certain conditions. Removing Russia's PNTR status would increase applicable import duties on [U.S. imports from Russia](#), potentially impacting certain sectors reliant on Russian inputs and raising issues under U.S. WTO obligations.

Background

During 1992-2012, Russia's normal trade relations (NTR) status was annually renewed under [Title IV of the Trade Act of 1974](#). The Act requires the President to deny NTR status to any country that did not have it at the time of the law's enactment on January 3, 1975, essentially covering "nonmarket economy" countries (the Soviet Union and other Communist countries). It further denies NTR status as long as the country denies its citizens the right to freedom of emigration under Section 402 of the Act (the so-called Jackson-Vanik amendment). Congress enacted the amendment in response to restrictive emigration policies the Soviet Union implemented in 1972.

Amending Russia's trade status was tied to its accession to the WTO in August 2012. WTO rules generally require each member to provide unconditional MFN treatment (i.e., a member's lowest tariff or best trade concession) to all WTO members. To comply with WTO rules and ensure the United States benefited from the terms of Russia's WTO membership (e.g., market access commitments), [Congress passed legislation](#) in December 2012 that removed the applicability of the Jackson-Vanik amendment and provided the President authority to extend PNTR to Russia.

Proposed legislation to remove Russia's PNTR status would re-apply Title IV restrictions and procedures to Russia for purposes of reinstating NTR. Other bills would add [new conditions](#) that Russia would be required to meet before regaining such status.

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Impact on Imports from Removing PNTR

If PNTR were revoked, applicable duty rates on U.S. imports from Russia would be rates set under column 2 of the U.S. [Harmonized Tariff Schedule \(HTS\)](#), unless otherwise specified by law. The President may adjust tariff rates under other authorities. Column 2 duty rates are generally higher than column 1 rates, which apply to countries with NTR.

Although U.S. imports from Russia account for a relatively small share of U.S. imports (around 1% in 2021 based on U.S. trade data), some commodities are important to specific U.S. industries. For example, in 2021, [certain titanium](#) products (used by the aerospace industry) accounted for roughly 53% of total U.S. imports of similar products. Without PNTR, the duty rate for these products would increase from 15% to 45%. Based on the 2021 dutiable value of those products, U.S. importers would pay an additional \$32.4 million in duties. Duty rates for most petroleum oil, a major Russian export (over 50% of U.S. imports from Russia), would double (**Table 1**[Error! Reference source not found.](#)). On March 8, 2022, the Biden Administration [announced](#) a ban on imports of Russian crude oil and certain petroleum products, liquefied natural gas, and coal to the United States. Additionally, Russia [announced an export ban](#) of certain commodities and raw materials; covered commodities are yet to be announced.

Table 1. Top 10 U.S. Imports from Russia, 2021

Product (HTS 8-digit)	Import Value (in \$ billions)	Import Quantity	Customs Calculated Duties (in \$ millions)	Column 1 Duty Rates	Column 2 Duty Rates	CRS Estimated Column 2 Duties (in \$ millions)
Petroleum-derived distillate and residual fuel oil, <25 degrees A.P.I. (2710.19.06)	\$9.0	134.6 million barrels	\$7.1	\$0.0525/bbl ^a	\$0.21/bbl	\$28.3
Crude oil, >25 degrees A.P.I. (2709.00.20)	\$3.4	48.7 million barrels	\$5.1	\$0.105/bbl	\$0.21/bbl	\$10.2
Petroleum-derived distillate and residual fuel oil, >25 degrees A.P.I. (2710.19.11)	\$1.7	21.9 million barrels	\$2.3	\$0.105/bbl	\$0.21/bbl	\$4.6
Unwrought or powdered palladium (7110.21.00)	\$1.6	20.7 million component grams	\$0	Free	Free	\$0
Light oil motor fuel (2710.12.15)	\$1.3	16.6 million barrels	\$8.7	\$0.525/bbl	\$1.05/bbl	\$17.5
Nonalloy pig iron containing <0.5% of phosphorus (7201.10.00)	\$1.2	2.1 million metric tons	\$0	Free	\$1.11/ton	\$2.3
Crabs (0306.14.40)	\$1.1	31.7 million kg	\$0	Free	Free	\$0
Semifinished products of iron or nonalloy steel (7207.12.00)	\$0.9	1.2 billion kg	\$206.1 ^b	Free	20%	\$383.4
Unwrought or powdered Rhodium (7110.31.00)	\$0.7	1.2 million component grams	\$0	Free	Free	\$0

Product (HTS 8-digit)	Import Value (in \$ billions)	Import Quantity	Customs Calculated Duties (in \$ millions)	Column 1 Duty Rates	Column 2 Duty Rates	CRS Estimated Column 2 Duties (in \$ millions)
Enriched uranium and other radioactive chemical elements (2844.20.00)	\$0.6	550,388 kg	\$0	Free	Free	\$0

Source: CRS analysis of import data from the U.S. International Trade Commission Dataweb and HTS.

Notes: Imports are imports for consumption

a. Bbl=barrel

b. Steel products are subject to an additional 25% tariff under [Section 232](#) of the Trade Expansion Act of 1962.

It is difficult to estimate the direct impact on prices from tariff increases, partly because U.S. importers may source from other countries to offset possible increased costs. Industries reliant on raw materials or inputs from Russia would be impacted more and could face disruption to their supply chains if businesses decide to stop sourcing from Russia altogether. Some countries, such as Ukraine and [Canada](#), have revoked and others, including the European Union (EU), are [considering revoking](#) Russia's MFN treatment, which may compound potential impacts.

WTO Issues

Collective action by the U.S. and allies would limit Russia benefiting from MFN treatment under its WTO membership. There is limited precedent for rescinding PNTR for a major trading partner; however, the United States has delayed (e.g., Moldova) or withheld NTR (e.g., Cuba) for some WTO members. (North Korea, a non-WTO member, is the only other country [without NTR](#).) Key policy issues include the scope (e.g., possible tariffs caps, as in [Canada](#)), duration, and authorities for revocation.

In a [notification to the WTO](#), Ukraine claimed that rescinding the application of WTO agreements in trade relations with Russia was consistent with its "national security rights" under the agreements, and urged WTO members to suspend Russia's participation in the WTO. Canada revoked Russia's MFN status on the basis of [GATT Article XXI](#), the so-called national security exception, and the EU indicated it is considering similar justification. The exception permits a WTO member to impose WTO-inconsistent measures it considers "necessary for the protection of its essential security interests," including "in time of war or other emergency in international relations."

Russia could take similar action in retaliation should the United States revoke PNTR/MFN, and pursue [WTO dispute settlement](#), arguing that the United States and others have violated their WTO obligations. U.S. trade officials would likely justify potential action using GATT Article XXI; [panel decisions](#) involving the GATT exception (including a [Russia-Ukraine dispute](#)) offer some guidance but remain contentious among members.

Some [pending legislation](#) and H.R. 6968, which the House passed on March 9, 2022, and [experts advocate](#) expelling Russia from the WTO. No formal mechanism exists to expel members, but WTO members could seek to amend the [WTO Marrakesh Agreement](#) to create one. This would likely face procedural and other obstacles, as WTO decisions are generally made by consensus among 164 members. Amending a WTO agreement [requires](#) the support of two-thirds of WTO members; if a member refuses to comply, three-fourths of the membership could vote to apply the decision and the dissenting members "shall be free to withdraw from the WTO or to remain...with the consent of the Ministerial Conference." [Some experts](#) view a coordinated suspension of trade benefits as achieving the same effect as expelling

Russia, but through a “more practical” approach. Such actions could include a path for Russia to reenter the WTO in the future.

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