

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



United States Trade Representative

January-December 2025

Implementation and Enforcement of Russia's WTO Commitments

Contents

I.	Introduction	3
II.	Executive Summary	3
III.	Russia and the Customs Union/Eurasian Economic Union	4
IV.	Russia in the World Trade Organization	5
V.	Import Regulation	6
a.	Tariffs and Border Fees.....	6
b.	Customs Fees	7
c.	Customs Valuation.....	8
d.	Trade Facilitation	8
e.	Trading Rights.....	9
f.	Quantitative Import Restrictions	9
g.	Import Licensing	9
h.	Trade Remedies.....	10
VI.	Export Regulations.....	10
VII.	Agriculture	11
a.	Sanitary and Phytosanitary Measures.....	11
b.	Domestic Supports and Export Subsidies	13
VIII.	Internal Policies Affecting Trade.....	14
a.	National Treatment and MFN	14
b.	Subsidy Commitments, including Transparency.....	16
c.	State-Owned, -Controlled, and -Trading Enterprises	17
d.	Pricing Policies.....	18
e.	Standards, Technical Regulations, and Conformity Assessments.....	19
f.	Government Procurement	20
IX.	Services	21
a.	Financial Services	21
b.	Telecommunications.....	21

c.	Computer and Related Services	21
d.	Audio-Visual and Media Services.....	23
X.	Intellectual Property Rights.....	24
a.	Legal Framework	24
b.	Enforcement	25
XI.	Investment	28
a.	Trade-Related Investment Measures	28
b.	Special Economic Zones	28
XII.	Rule of Law.....	28
a.	Eurasian Economic Union.....	29
b.	Transparency	29
c.	Judicial Review	29
XIII.	Conclusion.....	30
	Appendix 1	31

I. Introduction

This Report on the Implementation and Enforcement of Russia’s WTO Commitments (the Russia WTO Report or the Report) for 2025 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 to annually 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).

The 2025 Russia WTO Report is also prepared pursuant to section 201(b) of the Act that requires that the U.S. Trade Representative annually 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 describing the enforcement actions taken by USTR to ensure Russia’s full compliance with its obligations as a Member of the WTO.¹ The 2025 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 solicited comments from interested parties, both throughout the year and in the preparation of this Report,² and collected information from other U.S. Government agencies.

II. Executive Summary

Due to the Russia-Ukraine war, the United States has ceased direct bilateral engagement with Russia on trade and investment issues, including at the WTO, and USTR has had fewer opportunities to press

¹ 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.

² See Appendix 1 for list of parties who filed public comments. The Trade Policy Staff Committee (TPSC) did not host a public hearing as there were no requests to testify.

Russia to comply with its WTO obligations on trade and investment issues. Bilateral U.S.-Russia trade has seen significant fluctuations in both imports and exports, but overall bilateral trade has declined significantly since the beginning of the Russia-Ukraine war in 2022. From 2021 to 2022, total U.S. goods trade (two-way) with Russia fell from \$36 billion to \$16.1 billion. Total goods trade has continued to fall and in 2024, it was \$3.5 billion, down 34 percent (\$1.6 billion) from 2023. These declines reflect the geopolitical tensions related to the Russia-Ukraine war, including the impact of U.S. sanctions and export controls.³ Contributing to these declines are Russia's increasingly inward-looking industrial and trade policies.

In 2025, U.S.-Russia trade relations continued to be governed in large part by the imposition of strict sanctions by the United States and its partners and allies in response to the Russia-Ukraine war. Those sanctions specifically exempt trade in items such as agricultural commodities and humanitarian goods. Extensive U.S. export controls, sanctions, and import bans, as well as reputational risks of doing business in Russia beyond sanctions risks, have resulted in a significant diminution of bilateral trade between Russia and the United States. In addition, due to the Russia-Ukraine war, hundreds of U.S. companies withdrew from, or have significantly reduced their presence in Russia.

Import substitution remains a core tenet of Russia's industrial policy. Alongside the non-tariff measures imposed on imports, Russia has enacted explicit import substitution policies. These policies applied initially to government procurement, but have been extended to purchases by state-owned enterprises, and even to private enterprises. To support its import substitution regime, Russia has adopted, among other measures, bans on purchasing imported equipment.

In short, USTR was not engaged with Russia in 2025 because of the Russia-Ukraine war and Russia continues its disregard for its WTO commitments.

III. Russia and the Customs Union/Eurasian Economic Union

Russia and the Eurasian Economic Union (EAEU) established a legal framework that would allow an EAEU member state to comply fully with its WTO commitments.⁴ Moreover, the

³ The United States removed Normal Trade Relations status in 2022, which resulted in imports from Russia being subject to higher non-MFN tariff rates. Following that initial step, the United States imposed additional higher tariffs on chemicals, metal and metal products (including steel and aluminum), and minerals. The United States also banned Russian hydrocarbons, certain seafood and alcoholic beverages, and non-industrial diamonds.

⁴ Armenia, Kazakhstan, the Kyrgyz Republic, and Russia are WTO Members.

“Treaty on the Functioning of the Customs Union in the Framework of the Multilateral Trading System of 19 May 2011” (“Treaty on the Multilateral System”) requires that EAEU measures comply with the WTO Agreement⁵ as well as all commitments set forth in the Protocol of Accession and working party report of each EAEU member state; that the rights and obligations of an EAEU member state under the WTO Agreement override prior and future EAEU agreements and decisions of EAEU bodies; and that any treaty signed by the EAEU be consistent with the WTO commitments of each EAEU member state. When Russia joined the EAEU, it nominally transferred authority over many aspects of its foreign trade regime to the EAEU, including import tariff rates, trade in transit rules, non-tariff import measures (*e.g.*, tariff-rate quotas, import licensing, and trade remedy procedures), customs policies (*e.g.*, customs valuation, customs fees, and country of origin determinations), border enforcement of intellectual property rights, establishment and administration of special economic and industrial zones, and the development of technical regulations and sanitary and phytosanitary (SPS) measures. As a result, many of Russia’s WTO commitments are implemented through EAEU measures. In such cases, Russia’s *Report of the Working Party on the Accession of the Russian Federation to the World Trade Organization* (WPR) specifically provides that Russia’s WTO commitments apply whether the Russian government or the competent bodies of the EAEU are responsible for implementation of the relevant commitment.

IV. Russia in the World Trade Organization

Russia has been a Member of the WTO for thirteen years. For most of this period, Russia has been an active participant in the organization -- attending WTO ministerials, participating in discussions, using dispute resolution, and attending meetings. At the same time, Russia has not embraced the WTO’s market-oriented approach to trade, nor has it persevered on its original path of economic reform toward a market-oriented economy and trade regime. As a result of the Russia-Ukraine war, the United States has refocused its bilateral engagement with Russia on core national security issues, limited engagement with Russia at the WTO, and coordinated with like-minded WTO Members to isolate Russia from the global economy and multilateral organizations.

⁵ The “WTO Agreement” comprises the Marrakesh Agreement Establishing the World Trade Organization as well as its annexed covered agreements.

V. Import Regulation

a. Tariffs and Border Fees

As part of its WTO accession, Russia agreed to bind all 11,170 tariff lines in its tariff schedule and as of January 1, 2020, Russia had implemented all of those bindings.⁶ Further, Russia has completed the process of joining the ITA, eliminating its tariffs on computers, semiconductors, and other information technology products consistent with its ITA obligations. As a result, Russia's simple average final bound rate for all goods is approximately 7.6 percent; 7.1 percent for industrial goods and 10.8 percent for agricultural goods.⁷ Russia's simple average applied tariff rate for all goods is approximately 6.6 percent, 6.1 percent for industrial goods and 9.7 percent for agricultural goods. Russia cannot legally apply the EAEU's common external tariff (CET) above its WTO bound tariff rates.⁸ It should be noted, however, that although Russia had lowered its tariff rates, it continues to enact numerous trade barriers, import bans, and other non-tariff barriers that would prevent the United States from accessing large shares of the Russian market.

Thirteen years after accession, the vast majority of Russia's MFN applied rates are lower than their final bound rates.⁹ For agricultural goods, approximately 44 percent of Russia's final bound tariff rates are equal to or less than 5 percent, whereas 50 percent of Russia's MFN applied rates on agricultural products are 5 percent or less. With regard to industrial goods, nearly 51 percent of Russia's final bound tariff rates are equal to or less than 5 percent, whereas nearly 42 percent of Russia's MFN applied rates are equal to or less than 5 percent.

U.S. total goods imports from Russia totaled \$3.0 billion in 2024, down 34.2 percent (\$1.6

⁶ As noted below, in 2018, Russia raised tariffs on certain industrial products in retaliation for action by the United States under Section 232 of the Trade Expansion Act of 1962, as amended.

⁷ By contrast, the comparable figures for the United States are 3.4 percent for all goods; 3.2 percent for industrial goods; and 4.7 percent for agricultural goods. In other words, Russia's commitments with respect to tariffs are significantly weaker than those made by the United States.

⁸ As a customs union, the EAEU applies a CET. Russia's WTO tariff schedule commitments, for the most part, bind the entire EAEU CET, with some temporary (lower) exceptions for Kazakhstan, Armenia, and the Kyrgyz Republic due to existing WTO tariff commitments.

⁹ This comparison of Russia's final bound rates and MFN applied rates is based on the WTO Tariff Profile for Russia. That profile does not reflect Russia's tariff actions following the imposition of sanctions in February 2022.

billion) from 2023, and down 87 percent from 2014. In 2024, imports of fertilizers accounted for approximately 30 percent of total imports, compared to 12 percent in 2023. The next largest category of imports (accounting for approximately 28 percent) was inorganic chemicals, imports of which increased by 30 percent relative to 2022. U.S. goods exports to Russia in 2024 were \$528 million, down 11.8 percent (\$71 million) from 2023 and down 95 percent from 2014. These sharp declines in both imports and exports are likely due to the imposition of sanctions and export controls by the United States.

Although Russia has implemented its scheduled bindings, and most of its MFN tariff rates remain below its final bound rates, some concerns remain. For example, Russia has not informed WTO Members whether, for those goods subject to a combined tariff, the *ad valorem* equivalent of the specific duty is within the WTO *ad valorem* bound duty rate.

More concerning, however, was Russia's decision in July 2018 to adopt tariffs ranging from 25 percent to 40 percent on various industrial products imported from the United States, in retaliation against the U.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 previously urged Russia to work with the United States to address the common problem of excess capacity in the global steel and aluminum sectors, rather than engage in unjustified retaliation designed to punish American workers and companies. The United States continues to take all necessary actions to protect U.S. interests in the face of such retaliation. In this regard, on August 27, 2018, the United States launched dispute settlement proceedings against Russia at the WTO. Following unsuccessful consultations in November 2018, a WTO dispute panel was established on December 18, 2018 and composed on January 25, 2019. Initially delayed due to the global COVID-19 pandemic, this dispute continues to be delayed due to the lack of U.S. engagement with Russia since 2022.

b. Customs Fees

Russia's implementation of Article VIII of the GATT 1994 commitments is currently reflected in Article 47 of the EAEU Customs Code, which limits the amount of customs fees to the approximate cost of the service rendered. U.S. officials are not currently aware of any areas of concern with respect to Russia's implementation of these commitments since becoming a WTO Member.

c. Customs Valuation

Russia and its EAEU partners have integrated the Customs Valuation Agreement's (CVA) basic provisions into the EAEU legal framework. Specifically, the hierarchy of the six methods of customs valuation in the CVA, as well as most, but not all, of the provisions of the interpretative notes, are reflected in Russia's domestic law and implemented by reference in the EAEU Customs Code. The United States has raised questions in the WTO Committee on Customs Valuation and will, as appropriate, continue to seek clarification as to where in Russia's, or the EAEU's, legislation certain commitments of the CVA can be found. The United States will continue to meet with and solicit information from U.S. stakeholders concerning Russia's valuation practices and will work, as appropriate, with Russia's Federal Customs Service (FCS) to ensure full implementation of Russia's commitments on customs valuation.

d. Trade Facilitation

Russia ratified the WTO Agreement on Trade Facilitation (TFA) in April 2016 and implemented its commitments shortly thereafter. In 2019, Russia began to implement pilot programs in selected industry sectors of a mandatory labeling system (the labeling regime) that requires the application of an encrypted label to products in an ever-widening list of industry sectors. Data on the progress of a product through the chain of commerce are provided to a public-private Russian company, the Center for the Development of Advanced Technologies (CRPT), allowing it to monitor and track goods through Russia's entire distribution chain (*i.e.*, from production or importation to the final retail customer). As of September 1, 2025, Russia's expansion of the labeling system (known as "Chestny ZNAK") came into force with six new product categories: sweets and confectionary products, hot instant beverages, sports nutrition products, toys, building materials, and blades and razors, bringing the total number of covered products to thirty-three. Moreover, the mandatory labeling requirement diminishes the flexibility and benefits Russia had offered under its Authorized Economic Operator Status. These additional steps and costs impose particular burdens on small and medium-sized enterprises. The United States remains concerned that implementation of the regime creates additional burdens at the border, contrary to the goals of the TFA. The United States will continue to monitor the impact of the regime on U.S. exports, and, as appropriate, raise concerns with Russia.

e. Trading Rights

Russia still requires an activity license as a precondition for obtaining an import license for some products (e.g., alcohol, encryption products, and pharmaceuticals). However, pursuant to Russia's WTO commitments, the importer of record (declarant) is permitted to pay the relevant customs duties, fees, and charges in connection with the importation of the goods, and meet other import requirements, without presenting this license. The person withdrawing the goods from the customs checkpoint for distribution in Russia is now responsible for presenting the requisite import or activity license.

As described above, Russia has begun to introduce its labeling regime in stages by industry sector or product category, with the ultimate goal of bringing all products into the labeling regime sometime in the future. In addition to the concern that the regime could introduce new barriers to customs clearance, the United States is concerned that the process appears to provide better access to the labels to companies that have a Russian legal presence (such as domestic producers and some importers with a local presence) than companies that do not have a presence in Russia (such as small and medium-sized U.S. exporters). Other concerns about the labeling regime include increased financial and administrative burdens, technical issues, risk of data disclosure, misuse of sensitive commercial data, and the extensive amount of data required for labeling. The United States will continue to investigate whether this seemingly disparate treatment is consistent with Russia's commitments under the WTO.

f. Quantitative Import Restrictions

In violation of its WTO commitments, in 2014, Russia issued an order banning most agricultural imports¹⁰ from the United States (as well as other WTO members). The current ban extends to December 31, 2026.

g. Import Licensing

To implement the rules of the Import Licensing Agreement, Russia amended aspects of its import licensing regime to liberalize and simplify the process of importing certain products

¹⁰ The list of banned food included certain beef, pork, poultry, fish and seafood products; fruits and nuts; vegetables; some sausages; and most prepared foods. In July 2023, Russia added additional fish and seafood products to the list.

subject to import control.¹¹ Since 2021, Russia has failed to submit its required annual questionnaire notifications to the Committee on Import Licensing, which is essential for promoting transparency among Members.

Furthermore, in practice, Russia’s security service continues to exert strict control over the importation of encryption products. U.S. stakeholders report that Russia is not allowing the importation of “mass market” consumer electronic products that use cryptography with only a one-time notification or without “customs formalities related to encryption,” and that licensing applications are met with a slow response or no response at all. Moreover, Russia has not updated its import licensing regime to reflect amendments to Category 5, Part 2 “Information Security” of the Wassenaar Arrangement, which released numerous encryption products and functionalities from control.¹²

h. Trade Remedies

U.S. officials are not currently aware of any areas of concern with respect to Russia’s implementation of its commitments with regard to trade remedies.

VI. Export Regulations

In 2022, Russia began to impose various export restrictions on a wide variety of products. As of December 2025, Russia maintains export bans on raw (unhusked) rice, diesel fuel, gasoline and sulfur in liquid, granulated and lump forms. Russia also applies export duties on rapeseed, soybeans, sunflower seeds and oil, and sunflower oilcake and tariff rate quotas on the export of rice groats and husked rice, mineral fertilizers, metal scrap and waste. In addition, Russia sets annual adjusted quotas on the export of meslin, barley, rye, corn.¹³ Russia maintains, and regularly updates, a list of products “of utmost importance for the domestic market” the export of which could be subjected to export restrictions or prohibitions. Although not all listed products are subject to export controls, Russia has, for example, banned the export of raw hides through 2027 in order to protect its leather processing industry.

¹¹ See WPR, ¶¶456-457.

¹² See WPR, ¶475.

¹³ Export duties on soybeans, rapeseed, sunflower seeds and oil, and sunflower oilcake are in effect until August 31, 2026. The export ban on raw (unhusked) rice, which does not apply to EAEU member states, was extended until December 31, 2025. The export ban is subject to additional extensions. Russia also introduced tariff rate quotas on rice groats and husked rice until December 31, 2025.

Ferrous steel and non-ferrous scrap have now been made subject to export restrictions. Because steel and non-ferrous metals are global commodities, even short-term restrictions can distort trade flows.

In addition to the potential market distortions caused by these export measures, the United States is concerned that Russia has failed to notify the WTO of these and other measures, as it committed to do under the Agreement on Agriculture.

VII. Agriculture

a. Sanitary and Phytosanitary Measures

To implement Russia's commitments with regard to inspections, the Eurasian Economic Commission (EEC) established the basis for joint inspections, systems audits, and acceptance of an exporting country's guarantees. In addition, the EEC adopted inspection guidelines for meat processing and storage establishments, fish and fish products, and dairy and dairy products in accordance with the relevant international standards and confirmed that it would not suspend imports from establishments based on the results of on-site inspections before it had given the exporting country the opportunity to propose corrective measures. To implement Articles 4 and 5 of the SPS Agreement concerning equivalence and risk assessment, respectively, the EEC established the basis for determining equivalence and conducting risk assessments in accordance with international standards.¹⁴ The United States, other WTO Members, and U.S. industry stakeholders have expressed concern about the veterinary requirements adopted by the EEC, which included a requirement that all veterinary controlled products come from an establishment approved by all EAEU member states.

As noted above, Russia has banned the importation of most food and agricultural products from the United States. Russia does not appear to have implemented fully its commitments to base measures on international standards, or, where it applies a more stringent standard, to provide a science-based, objective risk assessment. Moreover, in those cases where Russia has provided the United States with a risk assessment purporting to justify its SPS measures (*e.g.*, Russia's

¹⁴ See WPR, ¶¶1022-1031.

zero tolerance for both ractopamine and trenbolone acetate and near zero tolerance for tetracycline residues), there are concerns that those assessments do not appear to have been conducted taking into account risk assessment techniques of relevant international organizations. Russia also maintains non-science-based microbial standards, such as a zero tolerance for salmonella, and requires that imports be tested in Russia (rather than in the United States prior to export). Russia's testing standards, however, are not clearly defined. Of particular concern to industry stakeholders, Russia is pushing the use of EAEU-wide harmonized veterinary certificates and a unified list of eligible facilities – all of which are based on Russian standards and criteria.

The United States is also concerned about various Russian measures that, but for the general ban on imports of food and agricultural products, could disrupt or prohibit imports of specific U.S. agricultural products, including poultry products. For example, since 2015, Russia has imposed various bans on both the importation and transit of certain poultry and poultry products into and through Russian territory. Effective July 24, 2024, Russia banned all transshipments (and imports) of poultry, but left in place traceability requirements (the Mercury Notification system) applicable to shipments of certain U.S. animal-based products transiting Russia. Russia has not, however, provided the WTO with a risk- or science-based justification for the Mercury Notification system.

In 2021, Russia banned imports of U.S. animal feeds, feed additives, and pet food alleging detection of unregistered and unapproved biotechnology traits in shipments from U.S. industry. This ban appears to be based on an unnotified technical regulation that establishes lengthy procedures for registration and approval of new and previously approved biotechnology traits.

Another practice that has raised WTO concerns is Russia's reluctance to accept an exporting country's guarantees concerning the process for approving establishments as eligible to export to Russia. Notwithstanding Russia's commitments regarding inspections and establishment approvals described above, securing acceptance by Russia of U.S. guarantees concerning U.S. procedures for approving establishments has become very difficult. Since July 2014, Russia has required, without providing any scientific justification, an on-site inspection of each establishment by the EAEU member states' veterinary services before approval is granted.

The United States remains concerned with Russia's apparent failure to implement its obligation

to remove certain veterinary control measures for lower risk products. In 2011, the EEC adopted a decision removing such veterinary control measures. However, days before Russia became a WTO Member, Russia's veterinary service imposed a so-called "temporary" measure to maintain the establishment listing requirement for lower risk products imported into Russia until after a successful audit has been completed. Despite strong objections by the United States and other WTO Members, both in the WTO and bilaterally prior to 2014, Russia has refused to withdraw this listing requirement. Moreover, industry representatives assert that the onerous mandatory audits suggest that Russia is using the listing requirement to create a non-tariff barrier to trade.

Russia also agreed that, in order to meet its WTO commitments, it would negotiate veterinary certificates with the United States (or any other WTO Member) that differ from EAEU certificates after receiving substantiated requests from the United States (or any other WTO Member). However, Russia insisted on including attestations in the new proposed certificates that do not appear to be based on the relevant international standards and have offered no risk assessment in support of the alternative attestations, notwithstanding Russia's WTO commitments to conform its attestations to such standards unless a more stringent measure is justified through risk assessment.¹⁵

As explained above, since 2014, the United States' bilateral work with Russia on agricultural trade issues has been limited due to the Russia-Ukraine war. Nevertheless, the U.S. Government will continue to meet and consult with industry stakeholders to discuss their concerns.

b. Domestic Supports and Export Subsidies

Russia has introduced programs that allow for export subsidies to promote agricultural exports and for transportation subsidies contingent on exports, as well as other export measures that can distort market prices. For example, Russia has amended its Budget Code to allow for subsidies for alcoholic products intended for export and has issued a decree to provide subsidies that compensate organizations for their costs associated with seeking certification of agriculture products in foreign markets. As noted above, Russia has also introduced export restrictions or duties on a variety of grains. In addition, Russia has a long-term grain industry development strategy until 2035 to strengthen its position as a global grain market producer and supplier and

¹⁵ See WPR, ¶1009.

adjusted its support program (administered by the Russian Export Center, a State supported export institution established in 2015 to encourage exports) for the transportation of agriculture and foods products.

The United States will continue to track Russia’s support for the agriculture sector to ensure transparency and consistency with WTO obligations.

VIII. Internal Policies Affecting Trade

a. National Treatment and MFN

When Russia acceded to the WTO, it assumed the obligations of the GATT 1994, including its national treatment and Most Favored Nation obligations. However, since Russia’s WTO accession, national treatment concerns have been raised in connection with a number of Russian measures and policies. Although Russia amended its “recycling fee” (also known as a “utilization fee”) on motor vehicles in response to concerns about its discriminatory application (by removing the exemption for motor vehicles manufactured in the EAEU), the fee continues to apply to a variety of motor vehicles, including automobiles, agricultural and forestry machinery, and certain construction equipment. Moreover, Russia has consistently increased the recycling fee, with the largest increase, effective October 1, 2024, by 70-80 percent for passenger cars, light commercial vehicles, trucks, buses, trailers, and semi-trailers purchased for resale. In 2025, Russia raised its vehicle recycling fee again by about 20 percent, from RUB 556, 200 (\$5,700) to RUB 667, 440 (\$7, 850) for new passenger cars with 1.0-2.0 liter engines purchased for resale, and by around 20 percent for 3.5 liter cars, from RUB 2,285,200 (\$23,600) to RUB 2,742,200 (\$32,260). Fees for cars up to 3.0 liters bought for personal use remain unchanged: RUB 3,400 (\$35) for new passenger cars and RUB 5,200 (\$54) for used passenger cars. The fee depends on the vehicle type, engine size, and purpose, and applies to both domestic and imported vehicles, its level and methodology, especially for heavy-duty trucks, remains an issue. U.S. stakeholders contend that treatment of importers and domestic producers is not equal because Russia provides subsidies that effectively reimburse domestic producers (except foreign-owned producers) for having to pay the recycling fee. Russia also appears to protect its domestic automotive industry through the application of a variable excise tax on automobiles based on their engine size. For example, in 2025, Russia increased the excise tax on cars with engine power below 150 horsepower (hp) (e.g., a Lada, as

well as some models of Fiats, Mini Coopers, and older Fords) 61 rubles (\$0.76) per hp. For cars with engine power above 150 hp, the excise tax rate jumped to between 593 rubles (approximately US\$ 7.40) per hp to 1,740 rubles (approximately US\$ 21.73) per hp. Those rates translate to a maximum annual tax of approximately 9,150 rubles (approximately US\$ 114.29) for a car with less than 150 hp, and between 88,033 rubles (approximately US\$1099.64) for a car with 151 hp to 871,740 rubles (approximately US\$ 10,889.17) for a car with over 500 hp. In its 2022 WTO Trade Policy Review, Russia acknowledged that it does not produce passenger cars with engine power over 300hp.

Russia also continues to treat domestic software more favorably than foreign software. In addition to the various mandates for Russian government entities, state-owned companies, and critical infrastructure (CII) facilities to purchase domestic software, the Russian Tax Code exempts royalties paid on domestic software from VAT and applies a lower corporate tax rate and social security contribution rate to domestic technology firms.

Similarly, Russia's copyright levy system continues to raise national treatment concerns. Russia collects a levy on both domestically produced and imported products that can be used to reproduce copyrighted material for personal use (*e.g.*, video recorders, voice-recorders, photocopy machines). However, the list of domestically produced products on which the levies are paid appears to differ from the list of imported products on which the levies are paid. In addition, the reporting and payment systems appear to differ. The FCS provides information on imports to the Ministry of Culture, which in turn provides the information to the collecting society to verify the payment of the levies, whereas domestic manufacturers pay royalties based on sales and self-notify. U.S. officials have reviewed Russia's copyright levy regime and discussed with industry representatives.

The United States also has concerns regarding national treatment with regard to taxation of distribution services on motion pictures. Russia applies a 20 percent VAT on payments for the "right to use" (*i.e.*, payments for distribution services) cinema products, but has introduced a new draft decree to raise the rate to 22 percent. The recipient of the payment can apply for a VAT rebate if the cinema product is "Russian." A "Russian" cinema product is defined as a movie in which the producer is Russian; a majority of authors are Russian residents; at least 30 percent of the cast and crew are Russian residents; the movie is in the Russian language; at least

50 percent of the movie is financed by Russian residents; or the movie is produced under special international agreements. In other words, the VAT collected on payments for the “right to use” a “Russian” movie (as defined in the Russian Tax Code) can be reimbursed whereas the VAT collected on payments for the “right to use” a U.S. or other non- Russian movie cannot be reimbursed. This tax regime raises concerns about Russia’s implementation of its national treatment commitments.

b. Subsidy Commitments, including Transparency

The United States continues to assess Russia’s compliance with its commitments under the WTO *Agreement on Subsidies and Countervailing Measures* (SCM Agreement) to ensure full transparency. In 2021, Russia introduced a variety of subsidies, including subsidies to reimburse high-tech exporters for part of the costs associated with after- sales services for their exported products and for costs associated with homologation of products for foreign markets and research and development expenses; subsidized interest rates on loans to Russian companies with export-oriented production facilities in Russia; subsidies to Russian agricultural engineering entities for certain export costs; subsidies to ROSEXIMBANK to compensate for lost income on loans issued to finance projects that promote the export of high-tech products; and transportation subsidies for Moscow-based small and medium-sized enterprises that export products or services to foreign markets. In 2022, Russia introduced subsidies to cover between 20 and 35 percent of the purchase price of domestically manufactured cars built by Russian manufacturers (*e.g.*, excluding cars built in Russia by foreign car manufacturers). In addition, according to U.S. stakeholders, Russia subsidizes the leasing of domestically produced agricultural and construction equipment, the mining and processing of titanium, the launch and sale of medicines, the costs to obtain foreign patents for Russian inventions, the payment by local manufacturers of the “utilization fee” (see above), the purchase of domestically produced telecommunications equipment, and the production of an array of industrial products (*e.g.*, automotive, forestry, metallurgical, oil/gas, pharmaceutical, and machine tool products) if the manufacturers sign a “Special Investment Contract” and use domestically produced inputs. Stakeholders have further noted that through the Corporate Competitiveness Program (CCP), administered by the Russian Export Center, the Russian government subsidizes bank loans for exports that meet certain performance-based criteria (such as individual export targets). CCP contracts have been signed with companies in the automotive, pharmaceutical, railway, chemical, timber, agricultural, and

metallurgical industries. In another effort to increase exports, Russia amended its Budget Code to permit subsidies for wine and other alcoholic products intended for export.

In addition to subsidizing exports, the Russian government has in place a growing number of initiatives aimed at supporting various domestic industries to implement its import substitution policies. For example, Russia has in place a State Program “Development of Industry and Increasing Competitiveness” under which it adopted the “Strategic Plan for Promoting Import Substitution in Industry” in 2014. Since then, the Russian government has adopted numerous Action Plans for import substitution, including in the heavy engineering industry, non-ferrous metallurgy industry, ferrous metal industry, oil and gas engineering industry, shipbuilding industry, and the chemical industry. In August 2025, Russia updated its “Strategic Plan,” which emphasizes a shift in policy direction towards technological sovereignty and building independent technological and industrial capabilities.

In 2020, the Russian government identified the information technology sector as a priority sector, with a focus on digital transformation of the economy. In 2021, Russia adopted an IT development framework to support the domestic sector, including fiscal and tax incentives to manufacture hardware and develop software in Russia and purchase domestic hardware and software, as well as restrictions on the use of foreign hardware and software by certain entities. By January 2028, Russia will require state-owned enterprises to ensure that at least 60 percent of the radio-electric equipment they use is of Russia origin. These measures supplement long-standing requirements, such as import bans imposed by Russia as part of its broader import substitution strategy. In 2022, Russia introduced new measures to support high tech exports as well as the radio-electronic industry, some of which may run afoul of Russia’s WTO commitments. Russia has not submitted its most recent notification of its subsidy programs to the WTO as required under the Agreement on Subsidies and Countervailing Measures nor any notification since 2019.

c. State-Owned, -Controlled, and -Trading Enterprises

Russia has many state-owned and state-controlled enterprises (SOEs) that operate in the commercial sphere. Prior to becoming a WTO Member, Russia took various steps to eliminate special privileges for most of those companies. U.S. stakeholders assert, however, that the government of Russia continues to protect SOEs in certain industry sectors (*e.g.*, uranium)

through price controls, price preferences, and the absence of a profit motive. Since Russia's WTO accession, U.S. government officials have studied Russia's growing control over its broad state-owned sector as that sector's share in the economy has expanded.

It is evident that, over the past several years, Russia has imposed a growing number of import substitution requirements on SOEs. For example, the Russian government has assumed the authority to establish procurement plans for SOEs and tender rules for SOEs procurement of specific goods, works, and services. Russia established the Government Import Substitution Commission with the responsibility for approving procurement of machinery and equipment for large investment projects by SOEs, state corporations, or certain private businesses, as well as foreign procurement of certain industrial products. Moving to support specific industries, the government has banned certain companies in which the government owns more than 50 percent of the shares from purchasing imported automobiles, metal products, and heavy machinery; banned SOEs from purchasing imported software and machinery; and restricted to domestic manufacturers the procurement of various types of equipment used by SOEs for projects co-funded or guaranteed by government funds unless a waiver was obtained from the Government Commission on Import Substitution. Moreover, Russia applies to government entities and some SOEs a 15 to 30 percent price preference for goods of Russian origin and to works and services performed and rendered by Russian entities. In addition, Russia imposes on SOEs compulsory quotas for the procurement of Russian goods ranging from 40 percent to 90 percent.

With regards to state-trading enterprises (STEs), Russia has a biennial obligation to notify its STEs to the WTO's Working Party on State Trading Enterprises (STE Working Party). Russia has missed the biennial deadline to make the required notification seven times, most recently in June 2024.

d. Pricing Policies

In 2012, Russia's Federal Tariff Service issued an order governing its tariff policy on rail freight and published draft measures and orders on its website.

With regard to natural gas, Russia was allowed under its WTO commitments to continue its domestic price regulatory regime. Russia committed that producers and distributors of natural gas in Russia (including Gazprom, but also independent producers Rosneft and Novatek) would

operate – within the relevant regulatory framework – consistent with normal commercial considerations to recover their costs and make a profit. However, Russia’s progress in meeting this commitment appears to be modest and uneven. In 2007, Russia started a long-term process to equalize the return on domestic gas sales as compared to the return on international gas sales. Russia has continued to delay the date by which it will achieve equal profitability of export and domestic industrial sales, including through cancellation in 2014 of a planned domestic tariff increase. Based on information obtained from U.S. stakeholders in meetings and written communications, it appears that the domestic price for industrial users may be below export prices.

e. Standards, Technical Regulations, and Conformity Assessments

Russia’s standards-related measures are implemented through EEC and EAEU measures and Russian domestic requirements. According to the WPR, Russia committed to comply with all provisions of the TBT Agreement, including those relating to transparency and predictability.¹⁶ In addition, Russia has taken specific commitments with regard to technical regulations affecting the telecommunications equipment and civil aviation sectors.¹⁷ As Russia has begun to move from national regulations to regional (EAEU) regulations, it has begun to notify those regional regulations.

Russia has introduced a compulsory requirement that producers of pharmaceutical products, including veterinary drugs, must be certified for compliance with good manufacturing practices (GMP) by Russia, and Russia will not accept export certificates with GMP certification issued by other countries in lieu of this certification. The regime went into effect in 2016 for new drugs and in 2017 for renewals. Although the introduction of a GMP regime is not necessarily problematic, Russia did not notify this measure to give other WTO Members an opportunity to review. More importantly, U.S. stakeholders have raised concerns that Russia treats domestic and foreign manufacturers differently in the implementation of its GMP regime for medicines. For example, U.S. industry representatives assert that current Russian legislation outlines different GMP procedures for local and foreign sites. In addition, they contend that Russian inspectors deny GMP certification of foreign manufacturers in significantly higher numbers than

¹⁶ See WPR, ¶¶ 712, 714, 715, 728, 738, and 739.

¹⁷ WPR, ¶¶ 738 and 744.

domestic manufacturers, a result of the lack of inspection infrastructure necessary to certify (or recertify) expeditiously manufacturing sites for compliance with GMP provisions in such a way as to avoid market and trade disruptions and to ensure that the measures do not, in practice, disproportionately adversely impact imports. In September 2023, Russia started to require GMP certificates for imported veterinary drugs, effectively closing the Russian market to exports of U.S. veterinary drugs.

f. Government Procurement

In 2024, Russia made amendments that streamlined Russia's legislative framework governing restrictions on procurement of foreign goods, as well as prioritizing preferential treatment for domestically-or EAEU-produced goods in public procurement. This includes a 15 percent price preference for goods of EAEU origin in purchases for government use and a 30 percent price preference for radio-electronic products of EAEU origin. In some cases, Russia has banned government procurement of certain imported products if such products are available from at least one manufacturer in the EAEU, including a wide range of machinery (particularly that are used in construction and in raw materials extraction), vehicles, medical devices or pharmaceutical products, computer hardware and software, a variety of consumer electronics, a broad array of light industrial goods, construction and building materials, and a variety of agricultural products. In other cases, specifically for government purchases for so-called Critical Information Infrastructure (CII), Russia has banned altogether the purchase of foreign software, software packages and IT services. The Russian government has also recommended that regional and municipal authorities switch to domestically produced software. Furthermore, the Russian government in 2022 banned SOEs from procuring foreign software or IT services for the CII they operate. Effective January 1, 2025, SOEs and public authorities are banned from using foreign IT for CII. U.S. stakeholders have also reported that Russia's procurement rules mandate not only that Russian government entities must purchase Russian-made products, but also that private contractors must use only Russian-made products. The United States is assessing the application of the buy-local policy to the purchases of private contractors in light of Russia's WTO obligations.

Russia is not a signatory to the Government Procurement Agreement (GPA), but has sought observer status. The United States is opposed to Russia's accession to the GPA given inconsistencies with its procurement practices.

IX. Services

Many U.S. service suppliers have exited the Russian market. Nevertheless, the United States continues to monitor Russia's compliance with its services obligations and to consult with U.S. stakeholders regarding their concerns.

a. Financial Services

Russia undertook significant market opening commitments in the financial services sector, including allowing 100 percent foreign ownership of certain non-insurance financial services firms, including banks, broker dealers, and investment companies. In 2024, Russia authorized foreign banks from both "friendly" and "unfriendly" countries to establish branches in the country, though each institution was initially limited to single branch. In July 2025, Russia eased this restriction, allowing foreign banks to open up to two branches in Russia. At the same time, Russia passed multiple Presidential Decrees making it more difficult for Western businesses, including financial institutions, to exit the Russian market. While the ability to open and more freely operate bank branches in Russia would be welcome, the ability of banks from only "friendly countries" could run afoul of Russia's MFN treatment obligation. The United States will monitor the development of this proposal and, as appropriate, seek further information from Russia as to how the measure comports with its WTO GATS commitments.

With regard to insurance, Russia agreed to provide a significant level of market access and national treatment for U.S. insurance companies, including 100 percent foreign ownership of non-life insurance firms.

b. Telecommunications

Russia has, since 2017, required that a telecommunications operator wishing to rent capacity from a foreign satellite operator must first demonstrate that Russian satellite providers do not have such capacity.

c. Computer and Related Services

Russia committed not to limit market access and to extend national treatment to all computer and related services, including on a cross-border basis. This latter commitment is particularly

important, given the growth of cloud computing. An ongoing concern is how Russia's data protection laws, most importantly the core requirement that personal data of Russian individuals be stored and processed on servers located in Russia, relate to its computer and related services commitments. Further, since 2021, Russia has required the pre-installation of specified Russian software on certain consumer electronic products (*e.g.*, smartphones, computers, tablets, and smart TVs) sold in Russia. In 2025, Russia further expanded the list of pre-installed software by requiring that smartphones and other smart devices sold in Russia come pre-installed with Russia's own digital platform (MAX). Other categories covered by the pre-installation mandate, include search engines, mapping and navigation software, anti-virus software, software that provides access to e-government infrastructure, instant messaging and social networking, and national payment software. Every year, the Russian government identifies specific software within each category that must be pre-installed, unless the software is incompatible with the device's operating system; in 2022, the government of Russia expanded the list to include a Russian application store. U.S. stakeholders are concerned about various operational aspects of the mandate, such as who determines whether a particular software application is incompatible with the operating system and whether there is an obligation to remedy the incompatibility. In addition, U.S. stakeholders remain concerned about the apparent competitive advantage the measure gives to domestic software, as well as the plans to amend the list annually.

In 2020, the Russian government adopted domestic tax policies that appear to lower the tax rates for domestic firms in the IT sector. The Russian government amended the Tax Code to lower the domestic corporate tax rate and social security contribution rate for Russian IT firms and exempted royalties on domestic software from the payment of VAT. According to U.S. stakeholders, these differential tax rates could result in higher taxation levels on foreign service suppliers because the conditions to be considered a "Russian organization" and "Russian software" are effectively impossible for foreign companies to meet. Russia's import substitution strategies for the IT sector, such as the "Digital Economy of the Russian Federation," also raise additional national treatment and import substitution concerns.

In 2021, Russia adopted Federal Law No. 236-FZ that requires "IT companies" with a daily Russian audience of more than 500,000 people to establish a presence in Russia. To implement this law, the government adopted Federal Law No. 136-FZ in 2004 providing Roskomnadzor (RKN), the Russian communications watchdog, the authority to set up a "Master blacklist" of

foreign IT companies with more than 500,000 Russian daily viewers that have not established local offices in Russia and to prohibit any electronic payments to those companies.

Furthermore, the law authorized RKN to create and manage “sub-blacklists” prohibiting listed companies from certain commercial activities. This includes prohibiting receipt of electronic payments from Russia, online advertising, and listing engines. U.S. companies are on the “sub-blacklist.”

Additionally, Federal law No. 8-FZ (February 2022) levied harsh penalties for making payments to the blacklisted foreign IT companies of up to 40 percent of the “illegally transferred amount.”

Since 2022, RKN has used regulatory authority it retains under Federal Law No. 149-FZ, Federal Law No. 114-FZ, and Federal Law No. 139-FZ to impose restrictions on U.S. social media companies by labelling them “extremist.” When a company is designated as an “extremist” organization, the company’s commercial activities are banned; platforms are blocked; and use or promotion of its services and symbols carry a legal risk for the company, and increasingly, for individual users. In 2025, Russia took a further step to degrade voice calls and restrict new account registrations on social media messengers.

d. Audio-Visual and Media Services

Since 2015, Russia has banned advertisements on pay cable and satellite channels. It is unclear whether or not the law applies to state-owned television channels, but because those channels are subsidized by the state and hence rely little, if at all, on advertising revenue, the ban is likely to have had little, if any, practical impact on them. Further, in 2017, Russia adopted a law limiting foreign ownership of large online streaming companies (*i.e.*, over 100,000 daily views Russia-wide per month) to 20 percent. While Russia has not issued any implementing legislation, resulting in significant uncertainty to the market, it has instead introduced regulations and content restrictions. Also in 2017, Russia began enforcing a law (adopted in 2014) that limits foreign ownership of Russian media assets to 20 percent. In 2022, the Russian government announced that it would require foreign streaming services with over 100,000 daily users to register a Russian company and to offer 20 Russian free-to-air television channels to its subscribers, including the state-owned Channel 1. However, affected companies suspended operations in Russia before the measure went into effect.

X. Intellectual Property Rights

a. Legal Framework

Russia has not yet fully harmonized Part IV of the Russian Civil Code with the WIPO Copyright Treaty. This legislative inaction appears to have generated uncertainty with law enforcement agencies about the proper scope and procedures for enforcement of copyrights and related rights, including obligations in the TRIPS Agreement.

According to the WPR, Russia committed to take action against websites that facilitate illegal distribution of content protected by copyrights or related rights. Since its accession, Russia has adopted legislation targeting online piracy of television and film and strengthening protection and enforcement for copyright-protected material, including permanent injunctions with respect to repeated copyright infringement, and covering “mirror” websites (websites with the same infringing content moved to a different URL). According to stakeholders, these laws have helped combat illicit trade facilitated by infringing websites and services. However, implementation of the laws has been directed only against infringing activities that target users in Russia.

Russia’s customs law also required alteration to strengthen IPR protection. In December 2010, Russia adopted the Law “on Customs Regulation” to provide express authority to its customs authorities to take *ex officio* action and strengthened the *ex officio* provisions contained in the CU Customs Code. The law also updated procedures for registering certain intellectual property rights with the Russian Customs IPR Register. However, Russia has yet to harmonize fully its IPR regime with the regulatory principles adopted under the EAEU.

In 2010, Russia passed amendments to the Law on the Circulation of Medicines related to protection against the unfair commercial use, as well as the unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, including six years of protection for such data from reliance by subsequent applicants seeking marketing approval for the same pharmaceutical product. These amendments came into force the day Russia became a WTO Member, but Russia still has not implemented final regulations necessary to ensure implementation of such protection. In 2014, Russia again amended the Law on the Circulation of Medicines to provide four years of data exclusivity and

two years of marketing exclusivity (as it relates to generic drug registration) and three years of data exclusivity and three years of marketing exclusivity (as it relates to biosimilar drug registration). The EAEU rules for the registration of new medicines went into effect in early 2021, superseding Russia’s Law on the Circulation of Medicines. According to U.S. stakeholders, the EAEU rules do not include provisions on undisclosed test or other data equivalent to those found in the Law on the Circulation of Medicines and Russia’s WPR, raising concerns about Russia’s willingness to continue applying a six-year term of protection for such data in considering follow-on marketing applications.

The United States is also closely monitoring proposals and measures undertaken by Russia that would allow uncompensated use of IP held by right holders based in countries that have sanctioned Russia. Some of these measures have been implemented, including Decree 299, which would not require Russian companies and individuals to pay compensation for the use of inventions, utility models, and industrial designs under Article 1360 of the Russian Civil Code, if the right holder comes from a list of countries designated by Russia as “unfriendly” due to factors including publicly supporting or calling for sanctions against Russia. Another measure, Decree 322, restricts the ability of foreign right holders from “unfriendly states” to collect license payments for most types of IP.

b. Enforcement

USTR and other U.S. officials communicate on a regular basis with U.S. stakeholders to discuss Russia’s IPR enforcement record. Based on those discussions, and USTR’s ongoing observations, it is evident that, as a general matter, the current IPR enforcement environment in Russia remains extremely challenging.¹⁸ Piracy (especially online), the illegal camcording of motion pictures, lack of transparency and accountability in the administration of the system for collective management organizations responsible for collecting and distributing copyright royalties to right holders, and sales of counterfeit goods sourced from China are particular concerns for U.S. industry.

According to the WPR, Russia committed to take enforcement actions against online piracy¹⁹ and to ensure that existing law is applied to prevent certain types of devices or services from

¹⁸ In 2025, Russia remained on USTR’s Special 301 Priority Watch List.

¹⁹ WPR, ¶1338.

circumventing technical protection measures that control access or protect content,²⁰ but notorious pirate websites continue to proliferate. Right holders and online platforms in Russia signed an anti-piracy memorandum in 2018, extended to May 2025, to facilitate the removal of links to infringing websites. Although legislation was proposed to codify the terms of this memorandum, and extend its coverage to all copyright-protected works and to all Russian platforms and search engines, the Duma has not yet considered the proposed bill. Furthermore, although right holders are able to obtain court-ordered injunctions against infringing websites, additional steps must be taken to target the root of the problem, namely, investigating and prosecuting the owners of the large commercial websites distributing pirated material, including software. In particular, the government of Russia continues to fail to act against individuals located in Russia that operate infringing sites that target users outside of Russia.

Poor enforcement in Russia has also led to a sharp increase in the distribution and availability of pirated movies, particularly following the suspension by the U.S. film industry of operations in Russia in 2022. Through rampant unauthorized camcording, pirates reproduce unauthorized copies of films and then upload them onto the Internet for illegal streaming and illegal downloading (and sell them as counterfeit DVDs).

According to U.S. stakeholders, Russia is home to some of the most prolific criminal enterprises for the release of pirated movies. Moreover, following the Russia-Ukraine war, many foreign video game companies exited the Russian market, promoting users to revert to pirated content. Shortly thereafter, Russia ranked first in the world for unauthorized file-sharing of personal computer games, and second in the world for console-based games. Stakeholders also report that, in 2025, video game piracy remains a significant problem in Russia and fuels piracy in other markets.

Another area in which enforcement appears inadequate is with respect to patent enforcement. According to stakeholders, Russia does not appear to have an effective mechanism for the early resolution of potential patent infringement disputes involving pharmaceutical products. For example, stakeholders report that because Russian courts rarely grant preliminary injunctions in pharmaceutical patent infringement cases, alleged patent infringing products can enter the market prematurely.

²⁰ WPR, ¶1232.

In fact, currently available information continues to indicate that overall enforcement of IPR has decreased, rather than increased, over the past few years. Criminal enforcement, in particular, has been lacking especially against owners or operators of the large enterprises that propagate commercial scale piracy. An ongoing barrier to Russia's adequate and effective enforcement of IPR is not only a lack of political will, but also the lack of resources devoted to hiring and training law enforcement personnel to investigate and prosecute IPR crimes. Furthermore, U.S. stakeholders have informed us that when they attempt to enforce their IPR through civil litigation, administrative and procedural hurdles prevent them from doing so.

Stakeholders also report that, in practice, Russia's trade secret regime appears to place an undue burden on right holders in terms of requiring specific prerequisites for protection that do not reflect the commercial realities of many businesses. In terms of trade secret enforcement, stakeholders report that, despite their availability, deterrent-level penalties and preliminary measures are rarely imposed by courts for trade secret misappropriation.

Russia's size and geographic location make enforcement of IPR at its borders an essential component of IPR protection. Russia remains a thriving market for counterfeit goods sourced from China. According to the WPR, Russia committed that, from the date of its accession, it would encourage its customs officials to use their *ex officio* authority to strengthen enforcement against acts of infringement at the border, based on the provisions of the TRIPS Agreement.²¹

Based on information gathered by USTR from U.S. stakeholders, it appears that Russia's collecting society regime remains nontransparent and burdensome, making it difficult for right holders to be fairly compensated for the use of their intellectual property. Russia committed in the WPR to review its system of collective management of rights,²² and this review seems to have resulted in a 10-year re-appointment term of the existing collecting societies, which are unable or have failed to properly represent and compensate U.S. right holders. Russia stated also that it intended to phase out non-contractual license management within five years of Part IV of the Civil Code entering into force (which happened in 2013), but does not yet appear to have taken steps to meet that deadline. Legislation intended to address problems of state accreditation and governance of collecting societies does not allow right holders to be involved in the selection

²¹ See WPR, ¶1331.

²² WPR, ¶1218.

and management of the organization and fails to provide sufficient transparency to determine what royalties are being collected and to whom they are being paid. The United States does continue to monitor Russia's IP regime, including through the Special 301 Report.

XI. Investment

a. Trade-Related Investment Measures

In 2022, Russia approved a strategy for the development of the Russian automotive industry aimed at localizing production, expanding technological capabilities, and strengthening the automotive sector under Russia's broader framework for technological sovereignty.

Other initiatives that USTR is reviewing for compliance with Russia's Trade-Related Investment Measures (TRIMS) obligations include a program to support automotive leases of only Russian-made automobiles; efforts by the Government Import Substitution Commission to limit the goods and services that may be sourced outside of Russia by government entities and SOEs; a proposal to establish a minimum target for procurement by SOEs of "hi-tech and innovative products," including from small and medium-sized businesses; proposals to link investment incentives for certain electronic products to local sourcing; the requirement to pre-install Russian software in certain consumer electronic products sold in Russia; and the requirement that most foreign Internet platforms establish a legal presence in Russia. Of additional concern to U.S. industry stakeholders is the requirement that those companies install special software that allows the Government of Russia to track the number of users.

b. Special Economic Zones

Russia agreed to apply all EAEU agreements governing Special Economic Zones (SEZs) in a manner consistent with its WTO obligations and to work with its EAEU partners to amend any EAEU measures to ensure their consistency with Russia's WTO commitments. The United States will continue to monitor Russia's SEZs, including the "Titanium Valley" SEZ, to ensure its consistency with Russia's WTO commitments.

XII. Rule of Law

The rule of law has deteriorated in Russia. Recent statutes, executive decrees, and administrative

decisions designed to punish “unfriendly countries” have significantly increased financial risks for businesses operating in Russia.

a. Eurasian Economic Union

Russia has transferred authority for many aspects of its trade regime to the EAEU. The administrative bodies of the EAEU include the EAEU Court, which has competence, *inter alia*, over disputes of an economic nature arising from the implementation of decisions of the EAEU bodies and treaties. The Court of the EAEU does not have jurisdiction to opine directly on the member states’ WTO obligations, nor can the EAEU Court rule on a member state’s compliance with such obligations. However, after the Treaty on the Multilateral Trading System was adopted in 2011, the EAEU Court received the legal authority to provide advisory opinions on whether an EAEU measure violates WTO rules. The right to bring a case to the EAEU Court is not limited to the EAEU member states or the bodies of the EAEU; individuals with a specific interest can also challenge EAEU acts in the EAEU Court. USTR continues to study and analyze the workings of the EAEU to understand better its rules and procedures and their compliance with Russia’s WTO obligations.

b. Transparency

As made clear throughout this report, the United States has serious concerns about the completeness of Russia’s notifications made pursuant to the WTO Agreement. Notifications are intended to provide important factual information regarding each Member’s trade regime and practices. Russia’s failure to notify negatively affects Members that would benefit from understanding Russia’s trading system, while also damaging the WTO as a forum for Members to monitor compliance with Russia’s obligations. The United States has long supported reforms to improve Russia’s and other WTO Members’ compliance with their notification obligations. The United States will continue to analyze the comprehensiveness of Russia’s notifications, as well as the availability of adequate and appropriate opportunities to comment on those notifications.

c. Judicial Review

The right to prompt and effective judicial review of economic matters by an independent tribunal is explicitly required in many of the agreements comprising the WTO Agreement. Russian law appears to ensure the right of appeal on customs-related matters (both actions and inactions), tax

issues, and the protection of IPR and technical regulations, including SPS issues. Moreover, Russia has specifically committed that it will provide the right for independent review consistent with its WTO commitments.²³

Because many aspects of Russia's trade regime have been transferred to the EAEU, Russia has worked, and continues to work, with its EAEU partners to adopt the legal acts necessary to ensure that WTO Members and their nationals have recourse to the EAEU Court that has jurisdiction over EAEU issues, including whether Russia or the other EAEU member states have effectively implemented EAEU acts related to WTO issues.

XIII. Conclusion

Thirteen years ago, Russia joined the WTO, after making significant changes to its legal and regulatory regime covering trade and investment. The United States hoped that this move would benefit Russia, the United States and the global trading system. Since that time, Russia has reversed course, raising trade barriers, closing its market to imports, strengthening its control over its economy, and stifling innovation. In doing so, Russia has undermined transparency, predictability, and the rule of law. As the United States remakes the trading system to be built around the principles of fair and balanced trade, we look forward to the day that we can again work with Russia towards that goal.

²³ See WPR, ¶ 215.

Appendix 1

List of Written Comments Submitted in Response to Request for Public Comment on Russia's Implementation of its WTO Commitments by the Trade Policy Staff Committee

1. International Intellectual Property Alliance
2. The App Association
3. MMC-IPCC
4. Anonymous
5. Anonymous