

ALERT

UPDATE: Senate and House Pass Bill Suspending Normal Trade Relations with Russia

April 7, 2022

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UPDATE

On April 7, 2022, the Senate unanimously passed the Suspending Normal Trade Relations with Russia and Belarus Act after Senators reached an agreement on a ban on Russian oil imports. Because the Senate made technical changes to the bill, the legislation went back to the House for a second vote (the amended bill text can be found [linked here](#)).

The House passed the bill shortly after the Senate on April 7, where it continued to receive strong bipartisan support; it passed by a vote of 420-3. The legislation now heads to President Biden's desk for signature. Duties on Russian and Belarusian goods will increase the day after the bill is signed into law.

ORIGINAL

House Passes Bill Suspending Normal Trade Relations with Russia

On March 17, 2022, the U.S. House of Representatives overwhelming passed the *Suspending Normal Trade Relations with Russia and Belarus Act*, which now heads to the U.S. Senate. Once enacted, the legislation would strip Russia of its permanent normal trade relationship (PNTR), a key benefit of World Trade Organization (WTO)

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membership, in response to Russia's ongoing invasion of Ukraine.

In the Senate, Republicans are asking for changes to the bill, such as the inclusion of a separate House-passed ban on imports of Russian petroleum products. The Senate also strongly supports the revocation of PNTR for Russia.

In effect, the PNTR is the domestic mechanism the United States uses to recognize its WTO commitments to Russia. By withdrawing its PNTR status, the United States is essentially terminating its recognition of Russia's WTO rights. As Congress found, "[t]he United States cannot allow the consequences of the Russian Federation's actions to go unaddressed, and must lead fellow countries, in all fora, including the WTO, to impose appropriate consequences for the Russian Federation's aggression."

Beginning the day after the law is enacted, Russian, and Belarusian, imports will be subject to higher duties. Specifically, Russian and Belarusian goods will be subject to the "Column 2" rates of duty enumerated in the Harmonized Tariff Schedule of the United States (HTSUS). The legislation does not expressly authorize exceptions for goods that were shipped from Russia or Belarus prior to the law's passage. As such, Russian and Belarusian goods will immediately be subject to, in certain cases, meaningfully higher tariffs.

The legislation also authorizes the President to increase the applicable duty rates for Russia and Belarus above those provided in Column 2 following Congressional consultation at least five days prior.

With respect to restoring normal trade relations, the bill contemplates two scenarios. First, the legislation will authorize the President to temporarily resume for up to a year normal trade relations provided that the President certifies to Congress that: (1) Russia/Belarus have reached an agreement to withdrawal Russian/Belarusian forces and cease military hostilities that the Ukrainian government accepts; (2) poses no immediate military threat of aggression to any NATO member; and (3) recognizes the right of Ukraine to independently choose their own government and Congress does not enact a resolution of disapproval within 90 days of the certification. Second, the legislation authorizes the President to permanently restore normal trade relations if he makes the same certification to Congress described above and Congress does not pass a resolution of disapproval within 90 days of the certification.

Wiley has previously written about the impact of revoking the PNTR in the alert *Impact of U.S. Revocation of Permanent Normal Trade Relations with Russia*. Wiley Partner Rob DeFrancesco III also wrote about the need to revoke Russia's PNTR in a Law360 op-ed *US Should Revoke Its Russia Trade Pact To Fix WTO*.

Wiley's International Trade and Supply Chain practices can assist with any questions relating to Russian sanctions, duty rates, import bans, and similar actions.

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