



ASSOCIATION OF EUROPEAN  
BUSINESSES IN THE RUSSIAN FEDERATION  
ul. Bolshaya Ordynka 40, bld. 2, 119017 Moscow, Russian Federation  
Tel: 007 (495) 721 1760 Fax: 007 (495) 721 1761

## **EU-Russia Strategic Economic Dialogue – The European Business Calls for a New Strong and Ambitious Framework**

The Association of European Businesses in the Russian Federation (AEB) hopes that the international developments of the past few weeks will not fundamentally harm the relationship between the European Union and the Russian Federation. The Association considers that there is no alternative to a strong Strategic Partnership between the EU and Russia and therefore, hopes that the conditions for the continuation of negotiations will soon be achieved and the obstacles for effective economic ties between the two parties will be removed. The AEB believes in the uniting power of the strong economic relationship between Russia and the EU, and sees the growing trade and intensifying cooperation as the foundation for a peaceful and constructive development on the European continent.

Economic relations between the European Union and Russia keep growing stronger with each passing year. Russia is already EU's number three trading partner, after the US and China and the investment relationship is intensifying: last year's inflow of European investment into Russia was €17 billion while Russian companies invested directly more than €5 billion in the EU in 2007.

The overall objective of the EU-Russia economic relations is the creation of an integrated common economic area based on WTO principles and supported by a stimulating and open regime for mutual investment as well as common economic regulations and technical standards.

In order to reach this goal, not only the EU-Russia strategic economic dialogue but also the investment climate both in the European Union and in the Russian Federation needs to be improved. On the one hand, the newly voted Russian Law on Investments in the Strategic Sectors has not yet been put into practice and is still causing uncertainties among the European investors. On the other hand, Russian investors are expecting the European market to widely open its doors to them.

That is why the AEB strongly supports Russia's accession to the World Trade Organisation and calls on the Russian Government to resume negotiations with its European counterpart in order to finalize accession in the coming months.

Moreover, the Association welcomes the steps already taken towards a deeper integration between the two economies through the "Roadmap for Creating a Common Economic Space between the EU and Russia", and hopes that the future Partnership and Cooperation Agreement (PCA) will provide for a robust and ambitious framework for future economic relations between the EU and Russia. We hope that the preconditions for taking up the dialogue on the new PCA will come up soon.

The AEB proposes that the future PCA be based on the following key elements:

### Removing Barriers to Trade

Trade in goods between the EU and Russia has been growing steadily over the past decade and now represents more than 227 billion euros. Due to the significant differences between EU and Russian technical regulations, conformity assessment procedures and standards relating to industrial products, they represent a major issue for the “Common Economic Space” and could become major barriers to trade. European business is therefore calling for increased cooperation in this area in order to achieve better compatibility and convergence between European and Russian standardisation rules and technical regulations.

Moreover, customs legislation and its application may also provoke major hurdles to trade in goods. European businesses are in favour of clear and transparent customs rules implemented in a harmonised manner.

#### Promoting Reciprocity in Investments

European businesses firmly support the mutual investment between the EU and Russia. This includes fair treatment for investors through the establishment of clear and evenly enforced rules, transparency, non-discrimination against national investors and full protection for investments.

#### Protecting Intellectual Property Rights

The protection of intellectual property rights is critical for fair competition and for investments. Counterfeit trade is a direct hindrance to innovation and thus has implications for both Russian and foreign industries. Companies – knowing that their intellectual property rights are secured – will certainly invest more readily in the economy. The new agreement shall seek the protection of intellectual, industrial and commercial property rights.

#### Creating the Conditions for Fair Competition

One fundamental objective is that the PCA seek fair competition between companies on a level playing field through the approximation of the competition legislation systems of the EU and the Russian Federation. Basic principles related to transparency, non-discrimination and state aid, as well as commitments to tackling international cartels, should be essential features of a future EU-Russia agreement.

#### Promoting Cooperation in the Energy Sector

Russia is a key supplier of crude oil and natural gas to Europe, and will most likely sustain this role for decades to come. Therefore, successful co-operation between the EU and Russia on energy will both ensure future energy security and help to enhance interaction in other industries. Both parties should consider putting in place, procedures that guarantee the execution of trans-border projects of high importance for the European market. Hence both parties should place energy high on the agenda of the future EU-Russia Partnership Agreement and the “New Energy Legislation”.

#### Cooperating in Ensuring Freedom of Movement

The AEB firmly welcomes a cooperation that ensures the freedom of movement, residence and employment as part of the new agreement between the EU and Russia. The latter shall include professional activity for European nationals, entitled to the same treatment as Russian nationals and vice-versa. This cooperation shall be based on the declared intention on the part of Russia and the EU to introduce visa-free movement of citizens through gradual simplification of the visa regime.

The Association of European Businesses in the Russian Federation strongly believes that deeper economic integration through a better structured dialogue can provide a sound basis for a more dynamic and mutually beneficial political cooperation between the European Union and Russia.