

MEETING BETWEEN PRESIDENT PUTIN AND THE EU HEADS OF STATE AND GOVERNMENT ON 23 MARCH 2001 UNICE STATEMENT

The relationship between the European Union and Russia is of great importance for the economic and political development in Europe. Good and constructive relations with Russia are vital in particular for security and stability in Europe. The future holds tremendous opportunities for the development of economic relations between the two parties. Russia has a significant economic potential and strategic location. It has a highly educated labour force, a large market and is particularly rich in natural resources. However, despite the recent positive developments, there are still many problems to tackle. It is therefore essential that the relationship between Russia and the EU and its Member States is further strengthened. This would be greatly helped by mutually advantageous economic relations.

In that context, European business strongly supports the positive developments in the strategic partnership with Russia. It looks for the realisation of the full potential of EU-Russia economic relations, envisaged in the Agreement on Partnership and Cooperation between the EU and the Russian Federation. It also strongly supports Russian membership of the WTO, which is a prerequisite for a potential future free-trade agreement between the EU and Russia. However, to achieve these aims legal and administrative reforms aimed at improvement of the business climate and removal of numerous barriers to trade and investment should be actively pursued in Russia. For UNICE, priority should be given to the following areas:

1. General business climate

?? Legal system:

- Strengthening of the rule of law;
- Predictable, consistent and transparent legislation and regulation, and their enforcement in all parts of Russia;
- Clarity and consistency of tax laws and system, and of deductibility provisions;
- Adaptation to international accounting practices;

?? Financial system:

- Reform of the banking system;
- Improved access to finance, in particular for small and medium-sized enterprises (SMEs), through enhanced development of credit facilities;

?? Public administration:

- Improved governance and active fight against corruption;
- Reduction of red tape;
- More cooperative attitude of public authorities;

?? Strengthening of civil society;

- ?? Support to development of SMEs;
- ?? Regional cooperation between CIS countries.

2. Trade

- ?? Customs:
 - Predictable, simple and transparent customs legislation and clearance procedures;
 - Lower customs duties for many products and capital goods in particular;
- ?? Product standards:
 - Compliance with internationally recognised standards;
 - Less expensive, shorter and non-duplicative procedures for testing and certification;
 - Longer validity times of the certificates;
- ?? Removal of targeted export and import restrictions and other measures of equivalent effect such as export taxes, quantitative export restrictions and limitation of points of customs clearance;
- ?? The capacity to enforce court decisions on infringements of intellectual property rights;
- ?? Removal of restrictions concerning payments for import of goods and services.

3. Investment

- ?? Corporate governance:
 - Transparency;
 - Protection of foreign and minority shareholders' rights;
- ?? Implementation of the National Treatment clause;
- ?? Possibilities to secure payment of debts through bankruptcy and seizure procedures;
- ?? Improved possibilities for foreign companies to acquire land and real estate;
- ?? Faster process for the restructuring of uninsured trade creditor claims on Russia.

In order to contribute to the improvement of the business climate in Russia, the European Union should focus its assistance to Russia on improving its legal, administrative and physical infrastructure, in close co-operation with the Russian authorities, and in consultation with business on both sides.

Co-operation between business organisations in the EU and Russia should be strengthened to facilitate exchange of experience/good practices and to enhance industrial cooperation.
