

\*\*\*Check against delivery\*\*\*

**7<sup>th</sup> General Meeting of the EU-Russia Industrialists' Round Table  
3 October 2005, London**

**Speech by Mr Philippe de Buck  
UNICE's Secretary General**

**EU & RUSSIAN BUSINESS MUST DRIVE THE ECONOMIC INTEGRATION  
PROCESS FORWARD**

Distinguished guests, fellow business leaders, ministers,

That I am invited to speak at this Conference shows the close cooperation between UNICE, and all its members, and the Industrialists Round Table (IRT) along with UNICE's partner organisations in Russia, the Coordination Council of Russian Business.

Close cooperation between the EU and Russian business communities is crucial for the future of our economic relationship. And business must drive the economic integration process forward. We are disappointed with the current slow pace of economic integration between the EU and Russia. There are many reasons for this but I think that we can agree that the future looks brighter than ever, since our governments agreed on the economic space at the May 2005 EU-Russia summit.

As representatives of business, we realise that the EU and Russia must become and also act as strategic partners for competitiveness in greater Europe. We know the obvious: Russia and the EU are neighbours who have common economic objectives to face the challenges of the future from emerging competitors like China and India. We need to unite rather than dissipate our forces. We need a focus on growth to make sure that we can compete successfully with the best in the world.

What needs to be done?

**We need to crystallise first our vision of where the EU-Russian trade and investment relationship needs to go in the future.**

Therefore we need to look even beyond the current state of trade and investment relations based on the EU-Russia Partnership and Cooperation Agreement.

We need to look at how to develop a much deeper level of economic integration. It is our duty to ensure that the EU and Russia engage in negotiations to launch a free-trade area based on the creation of a highly competitive and non-discriminatory environment for producers and investors. Such a free-trade area should naturally be based on Russian membership in the WTO. I don't know when, but for us as soon as possible, which means when the conditions are fulfilled. It should also cover a broad range of WTO+ areas of action

including trade in goods and services, investment, state aid and restrictive business practices, not to forget cooperation in areas such as IPR and regulatory standards.

This is an extremely broad programme.

But until a free-trade agreement can be negotiated from 2007 onwards, the EU and Russia must rapidly pursue implementation of the Common Economic Space.

**The Common Economic Space needs secondly to be actively and rapidly implemented** because it provides a clear programme of action for our governments to remove barriers to bilateral trade and investment. We know in business how important it is to implement the decisions.

There are a number of horizontal and sectoral issues covered by the Common Economic Space Roadmap which now need to be urgently implemented. They have been largely discussed today.

- The **energy** dialogue must be pursued with urgency along the lines recommended by the IRT. We all agree that it is necessary to create a climate propitious to much higher investment in energy supply and delivery and in technology for energy savings for the benefit of all business.

- **Regulatory cooperation** is an area where we can significantly cut costs for EU and Russian business by creating a truly wider European market.
- Secure **intellectual property rights** are one of the cornerstones of a modern high tech economy based on research and development. Further EU and Russian cooperation efforts are needed to implement and enforce IPR and to fight against counterfeiting and piracy.
- UNICE also warmly welcomes the decision to establish an “enterprise dialogue” to foster best policy practices for issues such as tax policies, improving the business climate, encouraging administrative reform and cutting red tape.
- An attractive business climate is vital in today’s global competition for **investment**, and investment climate is influenced by infrastructure.
- Much more work is needed to **facilitate trade** between the EU and Russia:
  1. Russia’s commendable reform in the customs field
  2. EU and Russia need to simplify trade procedures and develop compatible computer systems for customs issues
  3. public and private investment needs to be encouraged in cross-border infrastructure to

reduce bottlenecks and blockages at borders in and ports.

- Finally, cooperation on **sanitary and phytosanitary regulations**, **environmental issues** and **competition legislation** should also be strengthened.

This is a shortlist, but already a long one, of issues that we, as business, want to see developed over the coming years.

**My last comment concerns the cooperation between Russian and EU business needs to be strengthened.**

We pay tribute to the EU-Russia Industrialists Round Table which has been vital in promoting strengthened economic integration based on business needs. UNICE has supported the IRT.

Last year, UNICE put together a strong team to boost our relations with Russian business. This team is led by Jorgen Hansen from DI Denmark and Timo Laukkanen from EK Finland, present here, who have been very active in Moscow and Brussels over the past few months developing a new UNICE strategy towards Russia.

UNICE's aim is threefold.

- First, to strengthen cooperation with its partner organisation RSPP.

- Second, UNICE wants to raise the profile of the EU-Russian economic relationship in Brussels and in Moscow.
- Third, UNICE is prepared to work in close cooperation with its partners to deliver concrete proposals for action to the EU and the Russian government to move the economic and trade relationship forward.

We have signed with Mr Shokhin a Memorandum of Understanding, as witnessed by Messrs Chubais and Härmälä.

The Memorandum of Understanding paper is a good step. Concrete action based on this MoU must now follow!

Philippe de Buck

---