



## EU-RUSSIA RELATIONS AND PARTNERSHIP FOR MODERNISATION

### KEY MESSAGES

- 1** Europe and Russia are key trade and investment partners, but Russia's business environment is challenging for European exporters and investors.
- 2** Russia's early WTO accession and the conclusion of the New EU-Russia Agreement are important tools to boost trade and investment.
- 3** The Russia, Belarus and Kazakhstan Customs Union should be transparent and rules-based.
- 4** The EU-Russia Partnership for Modernisation can boost EU-Russia relations.

### BACKGROUND

Russia is the EU's third largest trading partner. In 2009 it accounted for 8% of total EU trade, after the United States (16%) and China (13%). The EU is by far Russia's main trading and investment partner, accounting for 52.3% of its overall trade turnover and 75% of Russia's FDI stock in 2008. In 2009, the export of EU goods to Russia reached € 65.6 billion. EU imports from Russia accounted for € 115 billion in 2009.

Russia's business environment remains challenging for European exporters and investors. In 2009, Russia took a large number of trade-restrictive measures (36 measures affecting 483 tariff lines) which are likely to be consolidated by the establishment of a Customs Union with Belarus and Kazakhstan in 2010.

The EU's strategy towards Russia envisages Russia's WTO membership, the conclusion of the New EU-Russia Agreement and subsequently the negotiation of an EU-Russia Free-Trade Agreement. This process however suffers from many delays.

### WHAT DOES BUSINESSEUROPE AIM FOR?

- Early **WTO accession** by Russia.
- The conclusion of a comprehensive **New EU-Russia Agreement**, with ambitious trade and investment provisions.
- A transparent and rules-based Customs Union between Russia, Kazakhstan and Belarus. It should not consolidate trade-restrictive measures taken by Russia during the economic crisis. A transitional period of three months should apply after the entry into force of the **Customs Union**.
- Collaboration on the **EU-Russia Partnership for Modernisation**. The EU has the finance, technology and know-how to help Russia (1) build a stronger manufacturing industry and (2) modernise its infrastructure. Russia, in turn, should make further improvements to its business climate, in particular in the area of its legislation in areas like intellectual property protection for the pharmaceutical industry or technical regulations for the electronics industry.

# BUSINESSEUROPE



**MEMBERS** ARE 40 LEADING  
NATIONAL BUSINESS FEDERATIONS  
IN 34 EUROPEAN COUNTRIES

 Austria	 Belgium	 Bulgaria	 Croatia	 Cyprus	 Czech Republic
 Denmark	 Denmark	 Estonia	 Finland	 France	 Germany
 Germany	 Greece	 Hungary	 Iceland	 Iceland	 Ireland
 Italy	 Latvia	 Lithuania	 Luxembourg	 Malta	 Montenegro
 Norway	 Poland	 Portugal	 Portugal	 Rep. of San Marino	 Romania
 Slovak Republic	 Slovenia	 Spain	 Sweden	 Switzerland	 Switzerland
 The Netherlands	 Turkey	 Turkey	 United Kingdom		