

*The EU-Russia Industrialists Round Table (IRT)  
Seventh General Meeting, London 3 October 2005*

**JOINT CONCLUSIONS**

**Introduction and summary**

The Seventh General meeting of the EU-Russia Industrialists' Round Table was held in London on 3 October 2005, under the joint chairmanship of **Anatoly Chubais**, Chief Executive Officer of RAO "United Energy Systems of Russia", and **Jukka Härmälä**, Chief Executive Officer of Stora Enso Oyj.

The meeting was attended by more than 600 participants, representing a broad cross-section of different business sectors and official bodies of the EU and Russia. This represents a substantial increase in participation relative to recent years and reflects the growing interest and significance attached to the IRT by respective business communities. A number of high-level European and Russian officials took part in the Forums activities and events, including **Günter Verheugen**, Vice-President of the European Commission, **Victor Khristenko**, Minister for Energy and Industry of the Russian Federation, **Andris Piebalgs**, European Commissioner for Energy, **Peter Mandelson**, European Commissioner for Trade, the Right Honourable **Alan Johnson**, MP, Secretary of State for Trade and Industry, U.K., and **Jean Lemierre**, President, EBRD.

The representatives of the Russian Union of Industrialists and Entrepreneurs (RSPP), the Union of Industrial Confederations of Europe (UNICE) and the European Round Table of Industrialists (ERT) played an active role in the forum's deliberations.

The main theme for discussion was the role that business can play in helping to create the proposed **Common Economic Space** between Russia and the EU. The Round Table has strongly supported the concept of a Common Economic Space since its inception, and at its present meeting called on all interested parties to move towards concrete and more detailed implementation plans. The forum's participants welcomed the signing of Joint Statement and the **Memorandum of Understanding** between the UNICE and the Steering Committee of Entrepreneurs Unions of Russia directed, inter alia, at the development of business dialogue on the Common Economic Space and the support of the IRT activities in this and other areas. The IRT also noted the official opening of the Russian Business Mission to the EU in Brussels and called on the EU authorities and business organizations to support its activities as an liaison point.

Following the established pattern the Round Table held dedicated sessions of industry-sector Task Forces (energy, transport, telecommunications, information and space technologies, forestry and paper industry, building industry, and financial services). This structure enables the Round Table to discuss current industry-sector issues and future plans for co-operation, and in order to strengthen it the IRT General Meeting adopted **Terms of Reference** for its Task Forces that will guide their operational activities.

Recognising the need to enhance the business dialogue between EU and Russia and its impact on bilateral cooperation, the Round Table decided to establish a new high-level **Business Cooperation Council** composed of distinguished industrialists and senior executives of leading business organizations from both sides. The Council will act as a high level advisory and coordination body and will focus on strategic issues of the EU-Russia business cooperation and development of the Common Economic Space.

### **Recent developments in EU-Russia relations**

The Round Table noted progress on the topics raised by the 6<sup>th</sup> EU-Russia Industrialists' Round Table, on 10 November 2004, including a bilateral agreement on the terms of Russia's accession to the WTO, the approval of roadmaps on the four Common Spaces by the May 2005 EU-Russia Summit and the establishment within the structure of the EU-Russia Energy Dialogue of thematic working groups on investment, infrastructure, trade and energy efficiency with business involvement.

At the same time the forum's participants discussed mutual concerns with negative trends that surfaced recently in the EU-Russia relations. The speakers from the Russian side underlined growing costs and barriers created by the EU enlargement for Russian trade and economic interests in the Eastern Europe, as well as for connections between the mainland Russia and its Kaliningrad region. The EU participants pointed out that enlargement had also brought many benefits by establishing an even larger integrated market to Russia. The Russian side emphasized the substantially increased political and economic diversity within the European Union after the enlargement and welcomed the trend towards natural differentiation of economic relations with the EU Member States within the common CPA framework depending on national interests, comparative advantages and economic capabilities.

The EU participants indicated their major concerns about the increasing uncertainty in foreign investment policies of the Russian Government with respect to natural resources development and limitations for strategic industries and national security areas. They emphasized the need for more clear, transparent and universal rules and regulations in this area. They also pointed to

recent surveys of foreign investment in Russia, which have identified legal uncertainties and corruption as important deterrents to investment. Both sides voiced their concerns with respect to persistent technical and administrative barriers for cross-border trade and investment, based on import duties, incompatible technical standards and regulations, conformity assessment and customs procedures, infrastructure access, tender mechanisms, business establishment and assets acquisition rules, and indicated that these issues should be tackled within the dialogue on the Common Economic Space.

### **Dialogue on the Common Economic Space**

The business communities on both sides are ready to support the implementation of the roadmap on the Common Economic Space as a vehicle for systemic development and diversification of EU-Russian trade and economic relations. Nevertheless, there are important conditions for this process to become productive and operational:

- The Common Economic Space (CES) can and should be built on the basis of universal WTO rules of world trading system. In this connection the Round Table urges all sides to complete the negotiations on Russia's accession to the WTO as soon as possible and calls on the EU authorities to support Russia's entry in the framework of multilateral negotiations. The Round Table recommends Russia to speed up efforts to bring its legislative and structural frameworks in line with standard WTO requirements and objects to unwarranted and one-sided demands that block the process.
- A coherent and realistic programme of implementation of the CES roadmap, containing specific objectives, timetables and interlocutors should be put in place. The Round Table welcomes the agreement between the EU and Russia authorities on the detailed work plan with regard to the regulation dialogue within the CES roadmap framework and urges to speed up the planning on economic (industrial) policy dialogues and cooperation projects on specific sectors and industries.
- The business should play the essential role in the implementation of the CES roadmap, as its main aim is to create favourable conditions for economic actors and open markets between the EU and Russia. Specific mechanisms for participation of major business organizations in this process should be established on an institutional basis.

The following areas of joint work envisaged in the CES roadmap are of special interest to business communities:

- Harmonization of legal and regulatory conditions for business in the EU and Russia;
- Reduction of technical, administrative and customs barriers to mutual trade, investment and industrial cooperation;