

## The EU-Russia Industrialists' Roundtable: Recommendations to the EU-Russia Summit

3-4 June 2013, Yekaterinburg

### A Challenging Global Economic Environment

Since the last EU-Russia Summit in December 2012, the global economic environment did not improve markedly. In 2013, the EU is expected to return to a very modest GDP growth of 0.3% in 2013, while Russia's is expected to reach a growth rate of 3.4%, according to the IMF. In this challenging context, joint efforts to promote trade and investment, as well as cooperation in technology and innovation, would provide a welcome impetus for growth and employment.

As a long-standing advocate of an integrated EU-Russia common economic area with a rules-based framework for mutual trade and investment, the IRT regrets that only limited progress has been made in EU-Russia economic relations since Russia's WTO accession. In particular, (1) disputes over remaining trade barriers in particular industries (such as energy, metals, mineral fertilizers, forestry, vehicles, including in construction, and beverages) are unresolved, (2) negotiations on the New EU-Russia Agreement are stalled and (3) the outlook for a Deep and Comprehensive EU-Russia Free Trade and Investment Agreement is rather poor.

The IRT recognizes however that important progress had been made in the negotiations to facilitate the movement of people. The IRT urge for the conclusion of the long-awaited Visa Facilitation Agreement, which would be of significant practical benefit for European and Russian companies. Any citizen who has crossed the EU-Russia border at least twice should be eligible for a multiple long-term entry visa. During the transition period, progress should be made on the 'common steps' to abolish the visa regime.

### New EU-Russia Agreement

The issue of the foremost importance for the future of the EU-Russia relations is **conclusion of the New EU-Russia Agreement**. The IRT is convinced of the critical role of this Agreement as a legal basis for cooperation and calls for the negotiations to be finalized as soon as possible. The New Agreement should be based on the WTO rules and focused on improving the regulatory framework for EU-Russia Trade and Investment cooperation, including in spheres not covered by WTO rules. Three issues have to be addressed.

- Decisive steps should be taken to facilitate trade through (1) simplification of customs regulation and procedures, (2) harmonization of standards and regulation (technical, sanitary and phytosanitary), (3) promoting an open and transparent procurement regime, with a view for Russia to join the WTO Government Procurement Agreement (GPA), and (4) setting out disciplines on trade remedies, including harmonization of use of anti-dumping, countervailing and special protective measures.
- Investment conditions should be enhanced by including rules on market access and investor protection on the basis of the 'best practice' principle in existing bilateral investment treaties. The agreement should eliminate investment barriers and improve the legal framework, including through an investor-state dispute settlement mechanism.
- Further harmonization of regulatory approaches should be achieved in sector-specific fields (electricity, transport and logistics, telecommunications, health, etc.).

## Strategic issues for EU-Russia relations

In light of economic challenges, the EU and Russia should concentrate on strategic issues that are to bring sustained economic gains for both parties:

- **Finalizing Russia's accession to the OECD in 2013** will work decisively to this end, bringing Russia closer to the best international practices in economic and social policy-making. The reforms required for OECD accession will help modernize Russia's economy and result in an improved climate for doing business. The IRT calls on the Russian government to undertake the outstanding reforms, in particular related to corporate governance, investment policy, anti-competitive practices, intellectual property rights protection, law enforcement and dispute resolution. We call for the EU to continue supporting Russia in passing accession process and implementing all the necessary reforms.
- **Harmonizing new regulations and standards of the Customs Union** formed by Russia, Belarus and Kazakhstan as much as possible with international and European best practices will be also helpful for boosting trade. The outreach to consult with business on new regulations and standards as well as on customs administration is welcomed by industry and should be continued;
- **Comprehensive implementation, in both fact and spirit, of all WTO commitments** will be essential to fully realize the benefits expected from Russia's WTO accession.

## 2013 & 2014: Environment, Science, Technology and Innovation

2013 being the **Year of the Environment** in Russia, there are ample opportunities for strengthened EU-Russia cooperation in the field of environmental policy and regulation. Convergence of new environmental regimes with existing principles and legislative approaches will help realize further harmonization as well as environmental benefits.

Finally, in light of the upcoming **EU-Russia Year of Science, Technology and Innovation 2014**, IRT suggests that the measures below are integrated into the Russia-EU Road Map of Science and Innovation Cooperation. As technology and innovation are crucial for sustained economic growth, the IRT announced in 2011 an initiative to create a Common EU-Russia Technology Market. Given the fact that both the EU and Russia prioritize rapid development of high-tech industries, technological cooperation is the most promising area of cooperation where harmonized regulatory rules can be successfully developed. Areas where progress is most pressing are as follows:

- Accelerated convergence of technical standards and regulations, with special emphasis on high-tech products and markets;
- Strengthening property rights protection and convergence of the respective legal norms used in the EU and Russia;
- Exempting cross-border trade operations with goods under technology transfer projects from customs duties, and improving custom clearance procedures decisively;
- Promoting joint R&D projects, including those implemented by Russian and European companies in cooperation with scientific and educational institutions.

## **Members of the EU-Russia Industrialists' Roundtable Council:**

### **Russian side:**

- Anatoly Chubais, IRT co-chairman (Director General, Rusnano)
- Vladimir Evtushenkov (Chairman, AFK "Sistema")
- Andrey Ivashenko (Chairman, ChemRar)
- Natalya Kasperskaya (Director General, Infowatch)
- Andrey Kostin (President & CEO, VTB Bank)
- Andrey, Melnichenko (Chairman, Eurochem, SUEK)
- Alexey Mordashov (Director General, Severstal)
- Dimitry Pumpiansky (Chairman, TMK Group)
- Alexander Shokhin (President, Russian Union of Industrialists and Entrepreneurs – RSPP)
- Viktor Vekselberg (President, Skolkovo Foundation)
- Vladimir Yakunin (President, Russian Railways - RZD)

### **EU side**

- Peter Löscher, IRT co-chairman (President and CEO Siemens)
- Nils S. Andersen (Partner and Group CEO of AP Møller Maersk)
- Jørgen Buhl Rasmussen (President and CEO, Carlsberg)
- Robert Dudley (Group CEO, BP)
- Jouko Karvinen (CEO, Stora Enso)
- Pascal Soriot (CEO, AstraZeneca)
- Gertjan Lankhorst (CEO, GasTerra)
- Jean-Pierre Clamadieu (CEO, Solvay)
- Hans Peter Haselsteiner (CEO, Strabag)
- Frans van Houten (President and CEO, Royal Philips Electronics)
- Rajeev Suri (CEO, Nokia Siemens Networks)