



Ms Benita Ferrero-Waldner
Commissioner for External Relations
European Commission
200, rue de la Loi
1049 Bruxelles

19 October 2008

Dear Commissioner,

In advance of the EU-Russia Summit on 14 November 2008 and in the midst of a review of EU-Russia relations among EU foreign affairs ministers, I would like to inform you of the views of European companies on EU-Russia relations.

Russia is an important source of energy and raw materials for European industry, but also a vital market for EU exporters and investors. With exports amounting to €89 billion in 2007 (more than EU exports to China), it is the EU's third largest trading partner. The EU is also by far the largest investor in Russia, as European investments amounted to €17 billion in 2007. While the Russian market remains attractive for EU exporters and investors, the recent conflict between Russia and Georgia and the global financial crisis have substantially increased risks for EU companies operating in Russia. Although BUSINESSEUROPE strongly supports the EU policy of firm engagement with Russia, concerns remain about the impact of these political events on the economic relations between Russia and the EU.

In this respect, it is regrettable that the conflict has spilled over into the process of Russia's WTO accession negotiations. Even a temporary Russian withdrawal from these negotiations would undermine business confidence and could permanently delay negotiations on a new bilateral trade and investment agreement between Russia and the EU. European business therefore needs a clear signal that the Russian government remains committed to rules-based international trade and investment, in particular with regard to export restrictions. This would be a positive step to restore business confidence in the Russian market.

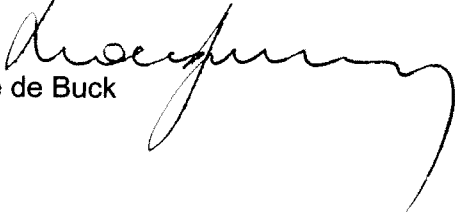
Looking ahead, BUSINESSEUROPE considers the New EU-Russia Agreement to be a valuable basis for the creation of an open and integrated market for EU and Russian business. The agreement should address some of the current issues affecting the business environment, including the energy dialogue, the development of a transparent investment regime in Russia, cooperation on regulatory issues, concerns over customs reform, the importance of transport links and visa/work permit issues. The agreement should also include a Free Trade Agreement in order to improve market access to

Russia for European companies. In addition to the phasing out of tariffs, the agreement should therefore also aim at improving investment conditions and dismantling discriminatory regulations and non-tariff barriers (NTB).

BUSINESSEUROPE looks forward to seeing these issues addressed by the EU in its future relations with Russia.

Yours sincerely,

Best regards



Philippe de Buck