



The Rt. Hon. Baroness Catherine Ashton
Commissioner for Trade
European Commission
1049 Brussels
BELGIUM

4 June 2009

Dear Commissioner,

Catherine,

We have very serious concerns about the draft guidelines for Russia's customs and tariff policy, which are expected to be adopted as a government decree in June 2009. These guidelines would provide a legal framework for the Russian Federation to increase customs tariffs on nearly all EU exports of manufactured goods to that market and to introduce import restrictions to protect domestic producers. BUSINESSEUROPE is firmly opposed to this policy, which could cause serious harm to European economic interests.

Since January 2009, Russia has adopted a number of direct and indirect measures to restrict trade, resulting in significant costs for EU exporters. These measures have been adopted in violation of Russia's WTO accession negotiation standstill commitment, article 16 of the Partnership and Cooperation Agreement which requires consultations between the EU and Russia on new trade measures and the 16 November 2008 and the 2 April 2009 G20 commitment against protectionist measures.

Although we recognize the need for government action at this time of unprecedented economic crisis, measures that distort trade should be avoided at all costs. Protectionist measures as set out in the new guidelines will offer protection on the short term, but their unpredictability and potentially broad scope will have a negative impact on Russia's trade and investment climate. They will also undermine Russia's credibility in international trade negotiations – including the EU-Russia bilateral negotiations on a new agreement to replace the 1997 Partnership and Cooperation Agreement.

Should any new trade measures be enacted under the new customs and tariff policy guidelines, BUSINESSEUROPE calls on the EU to prepare to take effective remedial action. We are prepared to work closely with EU authorities to address this matter fully.

Yours sincerely,

Best regards

Philippe de Buck