




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

12 November 2009

Dear Commissioner, 

I am writing to you in advance of the EU-Russia Summit on 18 November 2009, to express the concerns of European business regarding the formation of a Customs Union between Russia, Kazakhstan and Belarus. We are particularly worried about the Customs Union's effect on market access conditions and predictability.

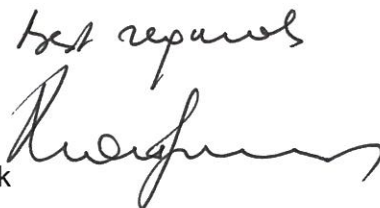
Russia, Kazakhstan and Belarus agreed that a Common External Tariff (CET) will enter into force on 1 January 2010. In principle, BUSINESSEUROPE supports regional integration projects as a way to create bigger markets. However, there is considerable uncertainty regarding the impact of the Customs Union and the level and the scope of its CET.

Initial information suggests that the duties under the CET are higher than current applied tariffs and consolidate temporary anti-crisis measures introduced by Russia under its anti-crisis plan. This would worsen market access conditions for Europe's exporters on the Russian, Kazakh and Belarusian markets and cause serious harm for several important European industries, including the automotive, steel, machinery and food industry.

Using the CET to consolidate temporary measures, including export taxes, would not only be a clear violation of repeated G20 commitments against protectionist measures, but it would also harm the Customs Union's trade and investment climate. In this respect, we are also worried that the new guidelines for Russia's customs and tariff policy will be used as a policy across the Customs Union. As I indicated in my letter of 4 June 2009, this would only create additional unpredictability for business.

I hope that you will be able to clarify the trade impact of the proposed CET on European industries and ensure that it does not introduce or consolidate protectionist measures.

Yours sincerely,



Philippe de Buck