



EUROPEAN COMMISSION

PRESS RELEASE

Brussels, 22 August 2012

EU welcomes Russia's WTO accession after 18 years of negotiations

After 18 years of negotiations, Russia joins the World Trade Organisation (WTO) as its 156th member today. This accession is particularly important for the EU, as the EU is Russia's first trading partner and Russia is the EU's third trading partner. For the first time both entities will be bound by multilateral rules and obligations for their mutual trade.

"Today's WTO accession is a major step for Russia's further integration into the world economy", said EU Trade Commissioner Karel De Gucht. "It will facilitate investment and trade, help to accelerate the modernisation of the Russian economy and offer plenty of business opportunities for both Russian and European companies. I trust that Russia will meet the international trading rules and standards to which it has committed."

The WTO accession will have a positive impact on the conditions of trade and investment between Russia and the European Union. The geographical position of Russia and the importance of its market in terms of volume and growth make it a very important trading partner of the EU. As a consequence of the WTO accession, Russia will amongst others lower its import duties, limit its export duties, grant greater market access for EU services providers and facilitate rules and procedures in many areas affecting bilateral economic relations. Of particular importance will be regulations on customs procedures, the use of health and sanitary measures, technical standards and the protection of intellectual property.

Russia will be subject to WTO rules in all these areas, including its monitoring and enforcement mechanisms. The EU, together with its international partners, is in contact with Russia to ensure that it respects these WTO commitments. Certain recently implemented or proposed legislation seems to be at odds with Russia's commitments and would stand in the way of other WTO members fully realising the benefits expected from Russia's WTO accession. The EU is particularly concerned about the proposed new legislation providing for a car recycling fee which could discriminate against imported vehicles and hopes that this legislation will not be adopted.

Background

Russia is the third trading partner of the EU and the EU the first trading partner of Russia.

- EU exports to Russia in 2011: €108.4 billion
- EU imports from Russia in 2011: €199.5 billion
- Total trade in goods in 2011: €308 billion

The main exports of the EU to Russia are cars (€7 billion), medicines (€6 billion), car parts (€3.5 billion), telephones and parts (€2.5 billion) and tractors (€1 billion). The EU imports from Russia cover mainly raw materials. The main imports are oil (crude and refined: €130 billion) and gas (€24 billion). For these products, as well as for other important raw materials, Russia committed to limit its export duties.

The main changes related to the WTO accession of Russia concern market access improvements for goods and services. The import duties for goods will decrease from a current average of 10% to an average 7.8%. In some important sectors, such as automotive, the import duty reductions are more significant (decreasing from currently 30% to 25% upon accession and to 15% after 7 years). It is estimated that the overall tariff reduction will result in savings of €2.5 billion annually in import duties for EU exporters. Furthermore the reduced tariffs are estimated to stimulate €3.9 billion of additional EU exports to Russia per year.

In the telecommunications sector, Russia will phase out its current equity caps (49%) for foreign investors within 4 years. Furthermore, the WTO accession of Russia covers a range of regulatory issues including sanitary and phyto-sanitary rules, customs and intellectual property rights.

The EU is the largest foreign investor in Russia, with investments worth around €120 billion in 2010. Russian investments in the EU amounted to €42 billion in 2010.

For further information

EU-Russia trade relations:

<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/russia/>

Press release: EU welcomes conclusion of Russia's WTO accession, 10 November 2011

[IP/11/1334](#)

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