



Trade MEPs back deals with Russia that improve trade terms for the EU

Committees: Committee on International Trade

The international trade committee endorsed four agreements with Russia on Wednesday that give the EU exclusive trading benefits in four sectors — Russian wood exports, trade in car parts, duties on raw materials and the services market. The agreements pave the way for Russia to join the WTO.

The four bilateral agreements, which need Parliament's consent to enter in force, are more favourable to the EU than they have to be under WTO rules.

Cheaper wood imports from Russia

The deal on tariff-rate quotas for Russian exports of wood will boost the supply from Russia, which has agreed to cut export duties from current levels and grant the EU relatively large quotas for lower-duty Russian exports. The agreement defines the rules for applying these quotas and prevents Russia from applying unpredictable increases to export duties, which have affected many EU producers in the past.

The EU woodworking industries import some 10% of the raw wood they use. Russia has been their main source over the past two decades, supplying up to 60% of all the EU's imported wood.

Safeguards for EU car parts market

The deal on car components protects EU auto parts companies hit by Russian measures that will remain in force until 2018, even after Russia joins the WTO. These measures give foreign auto manufacturers incentives to relocate to Russia, and could discriminate against Russian imports of foreign car components. Under the agreement, if EU exports of car parts fall by 3% a year, Russia will reduce its import duties for EU car parts by a commensurate amount.

Essential raw materials

When negotiating its accession to the WTO, Russia agreed to binding export tariffs for 80% of the raw materials it exports. The remaining 20% are materials of strategic importance for EU industries. Under the deal, Russia will consult and negotiate with the EU at least two months before it plans to increase export duties on the products listed in the agreement. This list includes agricultural products such as wheat, sunflower seeds, tobacco, animal skins, wool and cotton and a large number of earths and minerals.

Maritime transport market and work permits for EU business staff

The agreement on trade in services grants new opportunities for EU maritime transport agencies seeking to set up in Russia. It also gives preferential access to people working for European services companies who need to work in Russia in order to start a business there. It foresees a minimum quota of 16 000 work permits per year for this.

Next steps

Press release

The consent of the full House is needed for the agreements to enter in force. The plenary vote is expected in July. Russia is expected to join the WTO by the end of the summer.

Background

The EU is Russia's main trading partner and investor, accounting for 47.1% of its overall trade turnover (in 2010) and an estimated figure of more than 75% of the foreign investment stock in Russia. Russia is the EU's third-largest trading partner (after the US and China) with an 8.6% share of EU trade in 2010.

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