EU/Russia Agreement: introduction or increase by the Russian Federation of export duties on raw materials

2011/0332(NLE) - 09/12/2011 - Legislative proposal

PURPOSE: to conclude an Agreement in the form of an Exchange of Letters between the European Union and Russia relating to the introduction or increase of export duties on raw materials.

PROPOSED ACT: Council Decision.

BACKGROUND: in the context of its accession to the WTO, Russia has committed to **gradually reduce or eliminate its current export duties**. The commitments regarding export duty rates have been included in Russia's Schedule of Concessions and Commitments on Goods, which will be annexed to Russia's WTO accession Protocol.

However, this Schedule only covers products (mainly raw materials) for which export duties are currently applied by Russia, and it is **Russia's understanding that any raw materials not included on the Schedule are not subject to any export duty restrictions**.

Therefore, in order to reduce the risk of new export duties being applied on other raw materials in future, the EU has negotiated a bilateral agreement, in the form of an exchange of letters, which requires the Russian Federation to make its best efforts **not to introduce or increase export duties for a list of raw materials** that are included in an Annex to the letters. In addition, the Russian Federation commits to consult the European Commission advance and take its views into account should such export duties were considered.

The Agreement was signed subject to its conclusion at a later date.

It is now appropriate to approve this Agreement on behalf of the EU.

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASE: the first subparagraph of Article 207(4) in conjunction with Article 218(6)(a) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: under this Decision, the Agreement in the form of an Exchange of Letters between the European Union and the Russian Federation relating to the introduction or increase of export duties on raw materials is hereby approved on behalf of the Union.

Raw materials concerned: the list of raw materials set out in the Annex to the Exchange of Letters covers those raw materials which are not listed in the above-mentioned Schedule of Concessions and Commitments on Goods, and for which **Russia has more than 10% of global production or exports**, or for which the EU has major import interest either existing or potential, or for which there is a risk of tension in global supplies.

It should be noted that the agreement does not require the EU to undertake any commitments.

Provisional application and implementation: in order to ensure the above-mentioned commitments of the Russian Federation regarding new export duties on raw materials apply from the date of the accession of the Russian Federation to the WTO, the Agreement and the Protocol should be applied provisionally from the date of such accession.

BUDGET IMPLICATION: the proposal has no implication for the EU budget.