

Brussels, 4 September 2009

JBCE Position for Trade Restrictive Measures Adopted by Russia

Dear D. O'SULLIVAN

We hereby wish to draw your attention to several trade restrictive measures recently adopted by the Russian government. These measures, which add to the growing concerns of a shrinking market access and the emergence of new trade barriers in Russia, clearly work against this country's commitment to refrain from any direct or indirect protectionism in the aggravating framework of the current economic downturn.

The adopted trade restrictions have by nature the effect of adversely hampering trade between the EU and Russia in key economic sectors, such as the steel, automobile and electronic sectors. In addition, the measures contribute to dramatically increasing the costs of the subject products in the Russian market and, consequently, they entail a significantly negative impact on the steel, automotive and electronics-related business in the EU.

The measures at issue

The Russian government has been particularly active in adopting several measures in connection with the automotive and electronics sector. According to the government, these measures are essentially designed to protect and further stimulate domestic production in order to allegedly help Russia overcome the current economic crisis.

The Russian government repealed indefinitely a 5% import tariff on cold rolled stainless steel used in motor vehicles and their parts (tariff code 7220 20 490 1)¹ and has also temporarily abolished, for a period of 9 months, a range of other import duties on steel products used in the auto industry (tariff codes 7209 17 900 1 and 7209 27 900 1) in order to stimulate domestic car manufacturing. Furthermore, the import duty rate for certain types of coils and pipes from ferrous metals² and steel rods of iron or non-alloy steel used in construction has been increased from 5% to 15% or 15% to 20% by the Decision of the Government No. 9 dated 9 January 2009 on temporary rates of import customs duties.

As of May 2009, the Russian government increased the import duty from 10% to 15% for imports of reception apparatus for televisions, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus which are currently classified under Russian tariffs 8528 72 810 0 and 8528 72 890 0.³

Rising protectionism in Russia

The measures described above outline a systematic approach of the Russian government of the use of tariff measures to protect domestic production. In fact, Russia alleges that it has resorted to the

¹ Decision of the Government of the Russian Federation of 9 January 2009 No 10 establishing rates of import customs duties for certain goods, imported for industrial assembly of engine-powered means of transportation. The text of this Decision (in Russian) is attached.

² The text of this Decision (in Russian) is attached.

³ Decision of the Government of the Russian Federation on temporary import duties applicable to imports of reception apparatus. The text of the Decision (in Russian) is attached.

adoption of “support” measures on a temporary basis only, with a view to boosting its economy amid the current economic recession.

Nevertheless, the fact remains that such alleged “support” measures are clearly trade restrictive and distortive and reflect a worrying policy turn of the Russian government towards sheer protectionism.

By so doing, Russia defies its own “standstill” commitment to resist protectionist pressures and abstain from imposing new trade restrictions. Indeed, at the G20 summit on 2 April 2009 in London, the world’s leading economies, including Russia, reaffirmed their earlier commitment and responsibility “to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports”. The leaders extended this pledge to the end of 2010.

Naturally, it is understood that Russia is not a WTO Member and is therefore not bound by the WTO rules restricting the unilateral increase in import tariffs and other trade restrictive measures. However, Russia is committed to joining the WTO and, in this respect, the Russian government has recognised that the country’s bid to accede to the global trade body is a “top priority”. To this effect, Russia has already concluded a bilateral accession deal with the EU in May 2004 and is engaged in ongoing accession negotiations. This effectively means that Russia is bound by a “standstill” principle on import duties to be respected by the end of the accession negotiations.

For the reasons stated above, Russia should by far be more cautious in addressing the concerns of its trading partners. The current turn of the Russian government to protectionist measures does not serve the purpose of Russia’s WTO accession negotiations and effectively creates further trade irritants in its relations with the EU.

It should be noted that the European Commission, in its Report of 12 June 2009 on potentially trade restrictive measures, has already recognised that the Russian measures represent “worrisome developments” which will need to be monitored closely.

With this in mind, we consider that the EU, being Russia’s largest trading partner, should rather make clear outright that Russia’s protectionist measures as particularly specified above are simply not acceptable and should be withdrawn immediately. Otherwise, Russia would clearly fail to meet its G20 and WTO accession commitments and this would greatly hamper its relations with its trading partners.

We thank you in advance for your careful consideration of the issues herein discussed.

Yours sincerely,



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The Japan Business Council in Europe was established in 1999 as the representative organisation of Japanese companies operating in the European Union. Our membership consists of 60 leading multinational corporations that are active across a wide range of sectors, including electronics, automotive, and chemical manufacturing.

The key goal of the JBCE is to contribute to EU public policy in a positive and constructive way. In doing this, we can draw upon the expertise and experience of our member companies.

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