



EUROPEAN COMMISSION

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Statement on the pressure exercised by Russia on countries of the Eastern Partnership

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

European Parliament Plenary, in Strasbourg
11 September 2013

Chairman, Honourable Members,

The Eastern Partnership Summit in Vilnius is fast approaching. It promises to mark a momentous step forward in our political association and economic integration with several of our eastern European neighbours. Clearly - and wrongly - this is seen in some quarters as a threat. As a result, we have seen enormous pressure being brought to bear upon some of our partners.

The European Union has always been perfectly clear about its policy towards our Eastern neighbours. Our common interests dictate that we should work with our eastern neighbours to build a zone of prosperity and stability in our continent. Already the existing Partnership and Cooperation Agreements, signed in 1994, foresaw the development of a free trade area. Feasibility studies launched in 2004 led to the development of so called "deep and comprehensive free trade areas" (DCFTAs) as an integral part of the "new enhanced agreements" - subsequently known as Association Agreements (AA) - proposed in 2006. The first DCFTA negotiations started with Ukraine in 2008, as soon as it had become a World Trade Organization (WTO) member. The Commission's Communication of 2008 then laid the basis for the offer extended to our Eastern Partners at the Prague Summit establishing the Eastern Partnership in 2009 and confirming our joint objective of political association and economic integration underpinned by AA/DCFTAs. From the beginning, the European Parliament has strongly supported this approach of transforming this part of Europe both politically and trade-wise.

It is true that the Customs Union membership is not compatible with the DCFTAs which we have negotiated with Ukraine, the Republic of Moldova, Georgia, and Armenia. This is not because of ideological differences; this is not about a clash of economic blocs, or a zero-sum game. This is due to legal impossibilities: for instance, you cannot at the same time lower your customs tariffs as per the DCFTA and increase them as a result of the Customs Union membership. The new generation of Association Agreements will bring enormous transformative benefits through legal approximation, regulatory convergence, and market liberalisation. Independent studies indicate that a DCFTA will bring substantial benefits. Exports to the EU could double over time, leading to increase in GDP of up to approximately 12%. But in order to implement these, our partners must enjoy full sovereignty over their own trade policies, which members of the Customs Union will not.

It may certainly be possible for members of the Eastern Partnership to increase their cooperation with the Customs Union, perhaps as observers; and participation in a DCFTA is of course fully compatible with our partners' existing free trade agreements with other Commonwealth of Independent States (CIS) states.

Let me be clear: the development of the Eurasian Economic Union project must respect our partners' sovereign decisions. Any threats from Russia linked to the possible signing of agreements with the European Union are unacceptable. This applies to all forms of pressure, including:

- the possible misuse of energy pricing;
- artificial trade obstacles such as import bans of dubious WTO compatibility and cumbersome customs procedures;
- military cooperation and security guarantees: and
- the instrumentalisation of protracted conflicts.

This is not how international relations should function on our continent in the twenty-first century. Such actions clearly breach the principles to which all European states have subscribed. In the Helsinki Principles of the OSCE we have committed to respect each country's "right freely to define and conduct as it wishes its relations with other States in accordance with international law". The European Union will support and stand by those who are subject to undue pressures.

Let me emphasise that AA/DCFTAs are not conceived at Russia's expense. On the contrary, Russia will also benefit greatly from the integration of the Eastern Partnership countries into the wider European economy. Our vision is that these agreements should contribute in the long term to the eventual creation of a common economic space from Lisbon to Vladivostok, based on WTO rules.

So we encourage our partners to deepen their ties with Russia, as we do ourselves, but in a way which is compatible with AA/DCFTA obligations. The European Union is ready to work with its neighbours to find ways to promote greater regulatory convergence between the EU and members of the Customs Union. The last thing we want to see is a protectionist wall cutting our continent in two. In today's ever-more-competitive global economy, we cannot afford to waste our efforts on a regional geopolitical rivalry.

Closing Remarks

Chairman, Honourable Members,

I would conclude with five points:

1. Some of you call on me to be more robust to promote strategic games. I will not do. Others call me to promote more robustly the values. Yes, that is the business I am in - to promote the values in the Eastern Partnership. I have problems to participate in the zero-sum game, as I am a believer in win-win games, particularly in dealing with such a strategic partner as Russia. I am not in the business to create new walls – quite to the contrary.

Transformation is the rule of the game and Association Agreement/ DCFTA is the most powerful instrument of that transformation. That's why the Vilnius summit and the preparations for signing and initialling these agreements is so important. The rule of the game is not to lower a bar, it is not about conditionality, it is about offering more strategic engagement with our partners.

2. We have to do a better job in communicating with our Russian friends making the point again and again that the Eastern Partnership is not against you, against your interest. We have to better communicate the relationship between the Association Agreement and the Customs Union. I have noticed reports about Russian Prime Minister saying that there is a lack of compatibility between these two concepts. We raised this issue in front of him in February at the joint session of the European Commission with the Russian government in Moscow, we raised it even before February and we raise it also in the framework of the information coordinating group where Russia has an important place. And each time we explain why it is not the case, making the point that it is not a political game, but it is about our partners' sovereignty, about their external trade policy. And we always added that we are the first ones to be interested in traditional ties between our partners and Russia and that we stand ready to help the partners and eventually also Moscow to find policies, our partners could align with as long as they are not in contradiction of the agreements on DCFTA

3. I understand that Russia sees the extension of European Union standards and norms as a potentially problematic issue because they are currently not always identical with those of the Customs Union. However, we are already now actively cooperating with Russia on the alignment of many norms and standards. This is a key element of the European Union-Russia Partnership for Modernisation. And these standards are also increasingly adopted by the Customs Union. European Union norms are often adopted internationally, and are of course fully compatible with WTO rules. So the European Union is actually helping all our partners including Russia to modernise and open up to globalisation.

Likewise, the New Agreement we have been negotiating to replace the European Union-Russia Partnership and Cooperation Agreement should include provisions for greater convergence of the regulatory framework between the European Union and Russia and thereby help to generate stability and predictability for both Russian and European Union companies.

4. Talking about trade solidarity and unity, let me say the following – we have taken note of the Russian ban against Moldovan agricultural products. We are not aware of any food safety reasons which would justify this. The EU's own food safety authorities have not established any health or hygiene problems with imports from Moldova; and we continue to import wine and other agricultural products.

Together with my colleague Dacian Ciolos responsible for agriculture, we intend to look into the possibility of being able to further increase the wine quota for Moldovan exports to the EU. We also intend to send short term expertise to Moldova to help overcome some of the remaining barriers that their exports in other sectors such as poultry face. This signs of solidarity are also applicable to other partners which are subject to undue pressure.

5. When we set out to build the Eastern Partnership at Prague in 2009, the idea Eurasian Union project had yet to get off the ground. It is the Russian decision to build the Customs Union and the Eurasian Union that created a situation where our European partners are now confronted with a choice between two projects for regional economic integration. It is inconceivable that our partners should become victims of their incompatibility. It is inconceivable that through a decision, made freely, our partners should be punished and their trading relationship with Customs union members threatened to be placed under far worse conditions than our own arrangements.

We stand by on our side to do all we can to avoid this and work with our neighbours to find ways of maximising the compatibility between the EU and Eurasian structures in a way that can facilitate trade and economic integration. To the benefit of our neighbour but also to the benefit of the neighbour of our neighbours.

Thank you.