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YELTSIN MEETS WITH EUROPEAN LEADERS IN BRUSSELS

Russian President Boris Yeltsin met today with top European Union officials in Brussels as both sides prepare to wrap up negotiations on a far-reaching partnership and trade cooperation agreement.

The agreement, which is the first of its kind to be concluded with Russia by any Western power, will deepen political dialogue between the European Union (EU) and Russia and further increase that country's access to the EU single market. It will replace a 1989 trade and cooperation agreement between the EU and the former Soviet Union.

As an indication of their intent to complete the ambitious new agreement as soon as possible, President Yeltsin, European Commission President Jacques Delors, Belgian Prime Minister Jean-Luc Dehaene and his Foreign Minister Willy Claes (representing the rotating EU Presidency) signed a Joint Political Declaration committing themselves to its conclusion. In it, both sides agree to establish "a permanent political dialogue and a system of regular consultations at different levels on the whole spectrum of political, economic and other issues of mutual interest."

The EU is by far the major Western trading partner for Russia and the ex-Soviet republics.

In 1992, EU imports from Russia reached 8.7 billion ECU*, more than 20 times that recorded by the United States. EU exports to Russia for 1992 reached 5.7 billion ECU (US exports: 1.6 billion ECU). From the Commonwealth of Independent States (CIS) as a whole, exports to the EU rose 16.4 percent since 1989 to almost 18 billion ECU in 1992 (CIS exports to US: 0.6 billion ECU).

Since 1989, the former Soviet Union has more than doubled (up 61.5 percent) its trade surplus with the EU to 4.2 billion ECU in 1992. The CIS had a trade deficit with the US of 2.3 billion ECU in 1992.

The EU market is already relatively open to Russian exports. Since it first concluded a trade and cooperation agreement with the former Soviet Union in 1989, 83 percent of EU imports from Russia have entered duty-free, and the weighted average tariff on industrial products as a whole is an estimated 1.1 percent. Specific quantitative restrictions were lifted in August 1992, three years ahead of the schedule set out in the 1989 agreement. Non-specific restrictions, whose suspension is envisaged, affected only about 3 percent of Russian exports between 1990 and 1992. Anti-dumping (AD) investigations underway against 7 varieties of Russian goods would represent less than 1 percent of total trade if all cases resulted in AD measures.

Since the collapse of the Soviet Union, the EU and its member states have been by far the biggest aid providers to the ex-Soviet republics.

Between 1990 and 1993, the EU has provided 65 percent (53.5 billion ECU) of all aid received by the CIS (83.5 billion ECU). In the same period, the United States provided 12 percent (10.4 billion ECU) of the total, which is about one-fifth of the EU contribution.

* 1 ECU = \$1.13 on December 9, 1993

At the sectoral level, the EU and its member states have given the lion's share in:

- **food-aid:** 1.9 billion ECU, or 53 percent from the EU (US: 1.2 billion ECU, or 34 percent);
- **export credits and loan guarantees:** 40 billion ECU, or 66 percent from the EU (US: 6 billion ECU, or 10 percent);
- **strategic assistance** for Soviet troop withdrawal and destruction of strategic missiles: 9 billion ECU, or 90 percent, primarily from EU member state Germany (US: 0.8 billion ECU, or 8 percent);
- **technical assistance:** 1.9 billion ECU, or 55 percent from EU and member states (US: 1 billion ECU, or 28 percent).

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The EU is also making the biggest contribution to the process of economic and political reform underway in Central and Eastern Europe.

In 1992 EU imports from these countries (25 billion ECU) were 15 times higher than those by the United States. Between 1989 and 1992, Central and Eastern European exports to the EU have increased 83 percent, while they have decreased vis-a-vis the US and Canada.

The EU has negotiated comprehensive Europe Agreements with Poland, the Czech Republic, Slovakia, Hungary, Romania and Bulgaria to replace existing trade and cooperation agreements. The Europe Agreements establish associations between these countries and the European Union, and provide the basis for an entirely new kind of bilateral relations. Trade liberalizing provisions of these new agreements are being enforced under Interim Agreements.

At the June 1993 Copenhagen European Council, the EU decided to accelerate the opening up of its market to the signatories of the Europe Agreements, and to extend to them an invitation to eventual full membership in the Union.

In terms of aid and cooperation, the EU gave 23 billion ECU, or 60 percent, of all Western aid to Central and Eastern Europe between 1990 and 1992. For the same period, the US gave 5.5 billion ECU. The European Commission also coordinated the Western aid effort.

The EU and its member states provide nearly half the bilateral grant aid to the countries of the region (7 billion ECU from a total 14.1 billion ECU). The US provides 3.5 billion ECU in grants. This type of aid is crucial because it does not increase debt.

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Press Contacts: Peter Doyle
(202) 862-9530

Ella Krucoff
(202) 862-9540