

# EU/Russia Agreement: preservation of commitments on trade in services contained in the EU/Russia Partnership and Cooperation Agreement

2011/0328(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 preservation of commitments on trade in services contained in the current EU-Russia Partnership and Cooperation Agreement.

**PROPOSED ACT:** Council Decision.

**BACKGROUND:** upon accession to the WTO, Russia will accede to the General Agreement on Trade in Services (GATS), thus undertaking comprehensive multilateral commitments relating to trade in services with all WTO Members. These commitments largely replicate or exceed their existing commitments regarding trade in services with the EU, which are defined in the current Partnership and Co-operation Agreement between the European Communities, and their Member States, of the one part, and Russia, of the other part, of 24 July 1994 (PCA). Nonetheless, there remain certain commitments, notably with regard to international maritime transport services and the temporary movement of natural persons for business purposes, where Russia has undertaken more substantial commitments through the existing PCA as compared to multilateral commitments upon WTO accession.

In order to ensure that the existing market access commitments of the Russian Federation will not be made more restrictive for EU service suppliers than those currently in force, it has been agreed between the Parties that Russia would take an appropriate **Most Favoured Nation (MFN) exemption from its GATS schedule** and preserve these commitments exclusively with the EU.

The preservation of these commitments would take the form of a bilateral agreement, negotiated between the EU and Russia through an exchange of letters with Russia. The Agreement does not require the EU to undertake any commitments. In order to ensure these commitments will continue to apply from the time that the Russian Federation accedes to the WTO, the Agreement should be applied provisionally from the date of such accession.

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

**IMPACT ASSESSMENT:** no impact assessment was carried out.

**LEGAL BASE:** Articles 91 and 100(2) and 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:** with this Decision, the Agreement in the form of an Exchange of Letters between the European Union and Russia relating to the preservation of commitments on trade in services contained in the current EU-Russia Partnership and Cooperation Agreement is hereby approved on behalf of the Union.

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

**Basic principle:** this Agreement provides that treatment accorded by the European Union to contractual service suppliers of the Russian Federation shall be no less favorable than that accorded to contractual service suppliers of any third country.

**Main provisions:** Russia shall allow the supply of services into its territory by contractual service suppliers of the European Union through presence of natural persons subject to the following conditions:

- The temporary entry and stay of natural persons within Russia pursuant to the fulfilment of this contract shall be for a period of not more than six successive months in any twelve month period or for the duration of the contract, whichever is less.
- The natural persons entering Russia must possess (i) a university degree or a technical qualification demonstrating knowledge of an equivalent level and (ii) professional qualifications where this is required to exercise an activity in the sector concerned pursuant to the law, regulations or requirements of the Russian Federation.
- The natural person shall not receive remuneration for the provision of services other than the remuneration paid by the contractual service supplier during its stay in Russia.
- The natural persons entering Russia must have been employed by the contractual service supplier for at least the year preceding the date of submission of an application for entry into the Russian Federation. In addition, the natural person must possess, at the date of submission of an application for entry into the Russian Federation, at least three years professional experience in the sector of activity which is the subject of the contract.

The contract to provide services has to be obtained in one of the **following sectors of activity** which are included and defined in Russia's GATS schedule of commitments:

- Legal services
- Accounting and bookkeeping services
- Taxation services
- Architectural services
- Engineering services
- Integrated Engineering services
- Urban planning and landscape architecture services
- Computer and related services
- Advertising services
- Market research services
- Management consulting services
- Services related to management consulting
- Technical testing and analysis services
- Advisory and consulting services incidental to mining
- Related scientific and technical consulting services
- Translation and Interpretation services
- Maintenance and repair of equipment, including transportation equipment
- Environmental services

**Quotas:** Russia might establish an **annual quota of work permits reserved to European Union natural persons gaining access to the Russian services market under the provisions of this Decision.** In the first year in which the provisions enter into force, this annual quota shall be no lower than 16000. In the following years, the annual quota shall be no lower than the quota of the preceding year.

It should be noted that this understanding shall not apply to measures affecting natural persons seeking access to the employment market of a Party, nor shall it apply to measures regarding citizenship, residence or employment on a permanent basis.

**Provisional application and implementation:** in order to ensure these commitments will continue to apply from the time that the Russian Federation accedes to the WTO, the Agreement should be applied provisionally from the date of such accession.

**BUDGETARY IMPLICATION:** the proposal has no implication for the EU budget.