

## **EU-Belarus Relations**

### **Trade**

In 2006, the EU-Belarus bilateral trade continued to grow and the total turnover amounted at EUR 8.7 billion, which were evenly split between EU exports and imports, i.e. both being of 4.35 billion.

#### **Recent development in bilateral trade**

The EU is Belarus' second main trade partner, accounting for almost one third of its overall trade (after Russia - almost 60% of Belarus' total trade). In 2006, the EU-Belarus bilateral trade continued to grow (almost 30% increase compared to 2005) and the total turnover amounted at EUR 8.7 billion, which were evenly split between EU exports and imports, i.e. both being of 4.35 billion. In 2006, processed oil products using oil delivered to Belarus from Russia represented more than 60% of Belarus' exports to the EU. The EU exported mainly machinery (35.2%), transport equipment (13.6%) and chemicals (12.5%) to Belarus.

#### **Framework for the EU-Belarus bilateral trade relations**

In response to the deterioration of Belarus' internal political situation, the EU has not ratified the bilateral Partnership and Cooperation Agreement (PCA) nor the Interim Agreement concluded with Belarus in 1995. Therefore our bilateral trade and economic relations remain covered by the Trade and Cooperation Agreement (TCA) concluded by the European Community with the then Soviet Union in 1989 and subsequently endorsed by Belarus. The TCA provides for MFN (most favored nation) treatment with respect to tariffs, but does not contain any provisions on regulatory approximation to the EU most important trade related acquis.

The EU does not apply any trade sanctions against Belarus, but the country is subject to one of the tightest bilateral textile trade regime amongst our trade partners. The EC-Belarus bilateral textile agreement setting quotas on Belarus' textiles exports to the EU has been in place since 1993 and has been renewed on several occasions (in 1995, 1999, 2003, 2004, 2005 and 2006) and is currently applicable until the end of 2007.

#### **Temporary withdrawal of the EU Generalised System of Preferences (GSP) from Belarus**

In response to a systemic and serious violation of the core trade union rights of the International Labour Organisation of which Belarus is a member and following a complaint by international Trade Unions, the Commission launched the procedure to withdraw the EU GSP from Belarus in January 2003. In December 2006 the Council adopted the Commission's proposal on the GSP withdrawal and since Belarus failed to improve the protection of core labour rights in the additional period of 6 months, the withdrawal entered into force on 21 June 2007. Once Belarus has proved irreversible conformity with core trade union rights, the EU is ready to start immediately the procedure to reverse its decision on the GSP withdrawal.

It should be noted that GSP withdrawal is not a sanction related to the political situation but the cancellation of a privilege over non-implementation of core labour standards. Also, the removal of the trade preferences will not halt Belarus' exports to the EU. It will reinstate the standard MFN tariffs applied to goods imported in the EU.

#### **Belarus' accession to the WTO**

Belarus applied for WTO membership in 1993 and its accession negotiations are ongoing.

#### **Trade related technical assistance**

Until 2007, TACIS was the main EU instrument for providing technical assistance to Belarus. The European Neighbourhood Policy Instrument (ENPI), a new financial instrument common for both the

EU's eastern and southern neighbours, entered into force in early 2007, replacing the TACIS, MEDA and CARDS programmes. The ENPI has been endowed with EUR 14.9 billion for 2007-2013.

### **European Neighbourhood**

Belarus is included in the European Neighbourhood Policy (ENP), but no Action Plan is currently foreseen for the country. The EU is ready to deepen its relationship with Belarus, including access to the full benefits of the ENP, provided that the Belarusian authorities clearly demonstrate their willingness to respect democratic values and the rule of law.

[http://ec.europa.eu/world/where/belarus/index\\_en.htm](http://ec.europa.eu/world/where/belarus/index_en.htm)