

Medvedev Promises to Lift EU Vegetable Ban

By Nikolaus von Twickel

June 13, 2011



Moscow will lift a ban on European vegetables in exchange for extra guarantees from Brussels on the products' origin, thus removing a major trade relations headache just days before the St. Petersburg International Economic Forum.

The decision, announced by President Dmitry Medvedev after Friday's summit with EU leaders, was not implemented by Monday, a public holiday, but European officials said they expected results soon.

Specialists from both sides will agree on a food safety certificate "very soon," Medvedev said at a news briefing after the summit in Nizhny Novgorod, according to a Kremlin <u>transcript</u>.

Moscow imposed the ban two weeks ago after a mysterious outbreak of E. coli in northern Germany killed 36 people by Monday and sickened more than 2,000.

The ban, which excludes potatoes, angered EU officials, who argued that it was disproportionate and unnecessarily jeopardized both vegetable trade with Europe and Moscow's hopes to join the World Trade Organization.

Medvedev announced the decision when asked by a reporter whether summit leaders had eaten vegetables.

He replied that they had vegetables both at the summit's opening Thursday evening and on Friday. "There were different kinds of tomatoes on the menu. I don't know where they came from. Let's wait and see," he quipped.

Denis Daniilidis, the spokesman for the EU's delegation to Moscow, said the certificates, which guarantee a product's origin, were a mere technicality.

"The certificates are those used already by the EU domestically and do not present any additional work for us," Daniilidis said by telephone Monday.

He said samples should have been sent to the Federal Consumer Protection Service on Sunday or Monday.

The service's spokespeople were unavailable for comment Monday.

Agency head Gennady Onishchenko has promised to heed Friday's decision but warned that Russia must continue to tread carefully until the outbreak is over.

"The epidemic in Europe is not over, and therefore we will not allow any inappropriate carelessness," Onishchenko told Interfax on Saturday. He pointed out that while German authorities have identified raw bean sprouts as the source of the infection, the number of cases is still rising — with 156 reports between Friday and Saturday alone.

The ban had promised to provide an unwelcome distraction for Medvedev as he sought to court deep-pocketed investors at the three-day St. Petersburg forum, which opens Thursday.

The promised end to the ban gave European leaders a welcome chance to portray Friday's summit as a success amid growing criticism that the twice-a-year events are a waste of time and money.

According to some European media reports, EU and Russian leaders agree that the summits should be reduced to one per year but no one dares to make the first move publicly.

EU delegation spokesman Daniilidis said reducing the summit's frequency was not on Friday's agenda, and that the vegetable spat serves as a reminder of their importance. "If the frequency will be challenged in the future, the fact that this ban was solved is an argument in favor of holding those meetings twice a year," he said.

Summit leaders also agreed to inject cash into Russia's modernization plans.

The European Investment Bank, EU's long-term lending institution, signed a memorandum of understanding with state development bank VEB for a 2 billion euro (\$2.87 billion) loan

to support the country's modernization efforts, commission President Jose Manuel Barroso said.

The money is part of the so-called modernization partnership program, which essentially trades Western technology and know-how for political and economic reforms in Russia.

Both sides also expressed optimism on ongoing talks about Moscow's accession to the World Trade Organization and visa-free travel.

Medvedev said that while no breakthrough has been achieved this year on WTO membership, he hoped that the talks, which have been ongoing for 17 years, would conclude by year-end. "All depends on our readiness to listen to each other," he said.

The EU formally backs Russia's WTO bid as the best solution to avoid the trade spats that have strained relations with the 27-member bloc in the past. It has also linked Moscow's WTO membership to the finalization of a wide-ranging partnership and cooperation agreement, which has been in the making over the past few years.

According to EU officials, disagreements about the country's sanitary regulations (as manifested by the vegetable ban) and subsidies for the automobile sector remain the main hurdles between Moscow and the WTO.

Trade with Russia rose to 87 billion euros in 2010, up from 66 billion euros in 2009, making the country the EU's third most important trade partner after the United States and China, the European statistics service Eurostat said last week.

On abolishing visas, Medvedev said a plan on how to achieve this should be finalized by the end of July.

EU officials have dubbed the document "common steps" but insist that it won't guarantee a time frame because of lingering political opposition among member states.

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