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# EU Says Russia Is Breaking WTO Rules With Export Duties on Oil

By The Moscow Times

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Russia's system of oil export duties breaks World Trade Organization rules, the EU said.

The European Union has told Russia that its system of oil export duties breaks World Trade Organization rules by discriminating in favor of China and against European buyers, diplomats with knowledge of the situation said on Tuesday.

The EU's longstanding concerns over Russia's oil duties, raised at a WTO committee meeting on Monday, could be the subject of a legal challenge at the WTO, one trade official said.

The EU objects to Russia setting different export duties as it looks to develop certain oil fields in East Siberia that supply the ESPO pipeline to China and the Pacific coast.

Russia aims to bolster oil and natural gas exports to China and other Asian markets to offset increasing efforts by the European Union to wean itself off of Russian energy imports.

It says the differential rate is based on the different quality of crude oil produced by different

fields, but the EU regards it as "all one product," and has encouraged Russia to replace the export duties with an extraction tax, the official said.

Other concerns raised at the meeting included restrictions on farm produce, high tariffs on televisions and fridges, subsidies for carmakers and protective tariffs to shield agricultural machinery producers, according to an official who was present at the meeting.

Five complaints about Russia have already gone to the WTO's dispute settlement body.

Russia's representative told the meeting that Russia was serious about its WTO commitments and it was always ready to engage in constructive dialogue, and pointed out that it had reduced some tariffs in September.

He said suspensions of trade with Ukraine were due to inconsistencies on the Ukrainian side, and the need to prevent deceptive trade practices and protect consumer rights.

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