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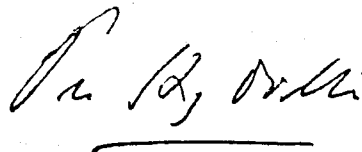
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9874/02.



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 11 June 2002

9874/02

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from : Eastern Europe and Central Asia

on : 11 June 2002

to : COREPER/COUNCIL

Subject : Relations with Russia:

- Draft Council Report to the European Council on the Implementation of the Common Strategy of the European Union on Russia
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1. In adopting in June 1999 the Common Strategy on Russia, the European Council requested the Council to review and evaluate the Union's action under the Common Strategy, and to report to the European Council on progress towards its objectives not less than annually.
2. This report has been prepared by the Eastern Europe and Central Asia Working Group (see Annex).
3. Subject to confirmation by the Permanent Representatives Committee, the Council is invited to approve this report in view of its transmission to the European Council.

**DRAFT REPORT FROM THE COUNCIL TO THE EUROPEAN COUNCIL
REGARDING THE IMPLEMENTATION OF THE COMMON EU STRATEGY FOR
RUSSIA**

The Common Strategy for Russia, adopted by the Cologne European Council of June 1999, establishes in Part 4 of the section on Instruments and Measures that each in-coming Presidency must submit a Working Plan for the implementation of the Common Strategy to the Council. Furthermore, it urges the Council to submit to the European Council, once a year at least, a report on the progress made in the fulfilment of the goals.

As a result, the report herewith envisages the description and assessment of the actions carried out in the framework of the Working Plans of the Belgian and Spanish Presidencies aimed at achieving the goals of the Common Strategy. The structure of this report follows the structure of the Spanish Presidency working plan.

**FOSTER THE CONSOLIDATION OF DEMOCRACY, THE RULE OF LAW AND
PUBLIC INSTITUTIONS IN RUSSIA**

During the past year, the Belgian and Spanish Presidencies have continued to act in accordance with the idea that relations between the EU and the Russian Federation must be based on a series of shared values among which paramount importance is given to the respect for the Rule of Law and the defence of democracy and human rights. To this end, the available methods of political dialogue and financial resources have been applied.

The EU has continued to underline the importance attached to the strengthening of civil society for the consolidation of democracy in Russia. Concern has been expressed regarding the preservation of the freedom of expression and informative pluralism (Pasko and TV6 cases). Equally, it has defended before the Russian authorities the need to combat any type of discrimination, either religious (Jehovah's Witnesses and Salvation Army cases) or ethnic.

The EU has welcomed President Putin's maintenance of the moratorium on the implementation of the death penalty, whilst it has closely monitored the evolution of this issue supporting the de iure abolition of capital punishment.

Throughout the year and notably in the context of the EU- Russia Summits in October 2001 and May 2002, the EU repeatedly expressed to the Russian authorities its concerns over the situation in Chechnya. At the October 2001 Summit in Brussels, the Russian Federation expressed its appreciation of the EU humanitarian aid to the region. The EU has made its concerns clear about the conditions in which this aid is provided. On 15-18 May, the Troika of Heads of Mission in Moscow travelled to the region to gather first-hand knowledge of the situation on the ground.

Pursuant to the goal of consolidation of public institutions, with the assistance of the Commission and of Member States, a project, allocated 20 M€, is to be set up for training judges and personnel from the Justice Administration and Courts. The total amount of resources assigned to institutional, judicial and administrative reform during 2001 in the framework of the TACIS programme has increased to 28M€, whilst an additional 81M€ contribution is envisaged for the 2002-2003 biennium.

SUPPORT TO ECONOMIC AND SOCIAL REFORMS: TOWARDS A COMMON EUROPEAN ECONOMIC SPACE

The EU-Russia Summit held in Brussels in October 2001 decided on the creation of a High Level Group (HLG) aimed at designing the concept of the Common European Economic Space. The HLG held a first informal meeting in Moscow on 5 December 2001 during which the definition of the medium-term strategy for EU-Russia economic relations was established alongside the identification of the key sectors to achieve specific results. It also established the general objective of supporting the process of economic reforms in Russia to favour the adoption of regulations that will allow this country to benefit from advantages resulting from the current enlargement.

The HLG held the first formal meeting on 26 March 2002 in Brussels and adopted its Working Plan up to 2003. The second report was submitted at the EU-Russia Summit held in Moscow on 29 May 2002; it included areas of common interest and pointed out possible goals and the subsequent steps to be taken in order to achieve legislative convergence. Two stages were established and the sectors in which work will continue were identified: Standardisation, Technical Rules and Regulations for Evaluation of Compliance, SPS, Customs, Public Acquisitions, Competition and Services Regulations, Agriculture and Industry. Work will be carried out to present results at the Summit to be held in autumn 2003.

Contacts aimed at achieving greater efficiency in the fulfilment of the content of the Partnership and Co-operation Agreement (PCA) have continued. The EU and Russia have agreed to enhance the conciliation procedures under the PCA.

Initiatives have been developed to attain the rapid incorporation of Russia into the WTO. This last action will require modification of Russia's internal legislation to comply with WTO rules: among the issues which have been addressed are the liberalisation of the telecommunications and services sectors, specifically the financial ones; the gradual approximation of the prices of energy and natural gas of the internal and export market and the introduction in companies of accounting and auditing systems comparable to international standards.

The EU-Russia Summit held on 29 May was the framework in which the EU has declared its intention to modify its legislation to grant Russia full Market Economy Status. To this end, in the near future the EU will carry out the necessary regulation amendments. During the same Summit, Russia has stated its intention to complete the reforms necessary for its accession to the WTO. Both parties also declared their intention to continue working on the definition and implementation of the Common European Economic Space.

Negotiations have continued to achieve an EU-Russia Fishing Agreement.

The EU-Russia Agreement for Scientific and Technical Co-operation which came into force in May 2001 has allowed the preparation of a Working Plan envisaging scientific networks and international co-operation in the Sixth Framework Programme for Research and Development to be initiated on 1 January 2003. Both parties intend to sign an Agreement between the European Space Agency and Russia for co-operation in the exploration and use of outer space for peaceful purposes.

At the beginning of February 2002, the EU-Russia Round Table for Businessmen was held in Turin, furthering the relations between companies from both parties.

CO-OPERATION IN THE FIGHT AGAINST TERRORISM

The events of 11 September have seen terrorism become a subject of major importance in EU-Russia co-operation, with discussions on this topic in meetings at all levels.

The issue of the fight against terrorism was already tackled at the Brussels Summit, resulting in a joint declaration that identifies the paths for co-operation to be explored in the future, particularly in terms of the level of conditions and modalities of the exchange of information. Furthermore, Russia was invited to join, as a special guest, the European Conference held on 20 October devoted to the fight against terrorism. Later, still under the Belgian Presidency, PSC meetings were held with Russia on 15 November, at an expert level in the framework of the ACC in Brussels on 20-21 November and with the COTER group at Troika level on 7 December.

During the Spanish Presidency, close co-operation with Russia has been furthered in accordance with the commitment of this country to the fight against terrorism and with the maximum priority attached to it by the EU. Co-operation in the fight against terrorist financial resources has been also important.

On 20 February, an EU-Russia Political Directors meeting was held in Madrid at Troika level during which various possibilities to improve co-operation were analysed. Subsequently, on 20 March, a meeting of the COTER group with Russia was held in Brussels at Troika level, at which information was exchanged regarding the respective assessment of the terrorist threat in various regions and ideas on new ways to cooperate in the fight against terrorism were exchanged.

CO-OPERATION IN JUSTICE AND HOME AFFAIRS

In the light of the imminent enlargement of the EU and subsequent extension of the EU external borders with Russia, JHA issues hold a priority place in the common EU-Russia strategy. This was clearly shown by the Laeken Conclusions, paragraph 52 identifying very specific fields for co-operation, among others: the situation of Kaliningrad, particularly those issues related to movement and trafficking of persons. Moreover, it is pointed out that "EU-Russia co-operation should likewise be based on the Partnership and Co-operation Agreement concerning the fight against organised crime, drug trafficking, terrorism and clandestine immigration".

For all these reasons, the Spanish Presidency considered the appropriateness and timeliness of reflecting this scenario by holding a Ministerial meeting of the 15 plus Russia. This is the first time that all the JHA EU Ministers have met with their counterparts of a third non-candidate country.

The JHA dimension of the EU-Russia Common Strategy focuses on two main aspects:

1. Judicial and police co-operation in the fight against organised crime, covering money laundering, human trafficking, drugs, stolen vehicles and
2. Administrative and Judicial reform, in order to have efficient and transparent public institutions, coherent with democratic principles and the Rule of Law.

The basic document governing EU-Russia relations in the JHA field is the EU Action Plan in support of the Fight against Organised Crime in Russia (13.4.2000), aimed at associating Russian authorities with the Programmes and Instruments adopted by the EU in the framework of the Fight against Organised Crime.

At the Ministerial meeting held on 25 April, a review of the Action Plan was conducted paying special attention to the fulfilment of its priorities: stolen vehicles, human trafficking, money laundering and drugs.

A Joint Declaration was adopted as an instrument aimed at improving co-operation among law enforcement agencies, so as to set central contact and information exchange points on organised crime.

Regarding the proposal of a EUROPOL-Russia co-operation agreement, a decision of the said authorities is still awaited.

Immigration and Border Management issues have also been a subject of common interest and therefore of increasing co-operation, notably regarding the improvement of the methods and instruments for border control and management of immigration flows.

The Russian authorities have assured an early reply to the EU proposal to conclude a readmission agreement.

In the Administrative and Judicial Reform field there has been remarkable progress. Russia has ratified an important number of conventions both of the Council of Europe and the Hague Convention concerning judicial, civil and criminal co-operation. The European Union has shown interest in contributing to the establishment in Russia of a Central Judicial Authority, an indispensable link for the consolidation and strengthening of EU-Russia judicial co-operation mechanisms.

The holding of the EU-Russia Summit, immediately after the 25 April Ministerial, represented an excellent opportunity to boost the different co-operation fields in the scope of JHA that this last year has greatly developed.

ENHANCEMENT OF POLITICAL DIALOGUE, CO-OPERATION IN SECURITY, CONFLICTS PREVENTION AND CRISIS MANAGEMENT, NON-PROLIFERATION AND DISARMAMENT.

Co-operation between the EU and Russia on political and security matters has been further enhanced with a view to strengthening stability and security in Europe. The EU-Russia political dialogue at all levels has allowed for frequent consultations on international issues of common concern, including regional questions, international security, crisis prevention and crisis management in Europe, the response of the International Community against the terror attacks of 11 September, non-proliferation and disarmament, conventional arms exports, OSCE and the UN.

The conclusions of the European Council of Laeken clearly reflected the need to enhance co-operation between the EU and Russia on key issues, such as the Balkans, Afghanistan and the Middle East. In respect of the Middle East Peace Process, the establishment of the Quartet as a forum for the promotion of initiatives represents a sign of co-operation possibilities between the EU and Russia. On the occasion of the Moscow Summit, a declaration on the Middle East and another on the situation in India-Pakistan have been adopted. Likewise, Russia and the EU will cooperate to resolve regional conflicts, including Southern Caucasus and the Transdnistria issue in Moldova.

The EU-Russia Summit held in Brussels on 3 October 2001 approved a Joint Statement on Stepping up Dialogue and Co-operation on Political and Security Matters in Europe. In this context, it was agreed that the Political and Security Committee – or its Chairman – and Russia could meet on an ad-hoc basis, including at Ambassadorial level, according to events, and that the PSC Troika and Russia would hold monthly meetings for consultations on crisis prevention and crisis management. This led to good results in the political dialogue at all levels and allowed the EU and Russia to make further positive steps towards closer co-operation and joint action, taking into account the development of the European Security and Defence Policy (ESDP).

The EU-Russia Summit held in Moscow on 29 May 2002 confirmed the commitment to develop further the EU-Russia political dialogue and to render co-operation in the security field even more result oriented and operational. The Moscow Summit adopted a Joint Declaration on further practical steps in developing Political Dialogue and Co-operation in Crisis Management and Security Matters. This declaration identified some concrete issues which will be held under regular review in the framework of frequent political dialogue at different levels, including conflict prevention, mine clearance, possible use by the EU of Russian long-haul air transportation and the modalities for possible Russian participation in the EU Police Mission in Bosnia and Herzegovina. The EU informed Russia on the latest developments in ESDP and on the future arrangements for participation by Russia in EU crisis management.

In this context, as a result of internal work undertaken by the EU during the Spanish Presidency, the General Affairs Council adopted on 13 May 2002 the “Arrangements for consultation and Co-operation between the EU and Russia on Crisis Management”. This document is being submitted to the Seville European Council for endorsement. These arrangements are based on the conclusions of the Nice European Council and the EU-Russia Summits of Paris, Moscow and Brussels. They represent an important step for Russian involvement in EU crisis management in the framework of ESDP. The arrangements include modalities for consultation in both non-crisis times and periods of crisis. In the case of an emerging crisis, the arrangements foresee an intensification of the dialogue in order to ensure mutual information on the respective positions. In case of an EU-led crisis management operation, and following an EU Council invitation for Russia to participate, modalities for Russian involvement in the operation are elaborated. As a useful complement to these arrangements, a Russian contact person with the EU Military Staff has been appointed in order to promote practical information exchange on military crisis management matters.

Dialogue between the EU and Russia has also intensified in the fields of non-proliferation, disarmament and arms control. The Moscow Summit underlined the key importance of implementing and further strengthening non-proliferation regimes. The EU has continued its important contribution to relevant disarmament programmes in Russia, (in the framework of the Joint Action establishing a co-operation programme for non-proliferation and disarmament in Russia adopted under the Common Strategy).

KALININGRAD AND REGIONAL CO-OPERATION

The situation of the Russian oblast of Kaliningrad after EU enlargement was the subject of 11 June 2001 GAC conclusions. The EU and Russia agreed to continue their constructive dialogue in order to work out practical ways to solve the region problems while at the same time ensuring application of the acquis and adequate control of the borders of the enlarged EU.

Concerning movement and transit of persons, the EU has held talks with Polish and Lithuanian authorities. A Special Session of the EU-Russia Co-operation Committee has been held in Kaliningrad on 15 May 2002, with a view to discussing the current situation and a package of measures that would favour both the movement and transit issues and the socio-economic development.

Taking into account the legal and practical consequences of EU enlargement, Russia and the EU agreed to continue joint work with a view to reaching mutually acceptable solutions for the Kaliningrad region. To this end the Commission will prepare a report for discussion at the GAC of 17 June and the Seville European Council.

The EU Northern Dimension has continued receiving much attention and a Working Plan has been prepared for the implementation of the ND Environmental Partnership, a fund being created to that end shortly.

ENVIRONMENT, ENERGY AND NUCLEAR SAFETY

Contacts have continued with a view to achieving the earliest possible ratification by Russia of the Kyoto Protocol and Russia's active participation in the Johannesburg Summit.

Both parties have confirmed their intention to cooperate closely in order to prepare the World Conference on Climatic Change to be held in Rome in 2003.

Contacts to reach the MNEPR agreement have continued.

Considerable progress has been made in the field of the Energy Dialogue initiated in an operational stage by the EU-Russia Summit held in Brussels, where the short and mid-term guidelines were established according to a summary report submitted at that time. The goal of promoting investments, reinforcing energy efficiency and security and trade relations in this area have been the basis of a second follow-up report on future co-operation to achieve an energy partnership between the parties that has been submitted to the Summit. As the Summit's Joint Declaration acknowledges the EU Energy Market has become the widest and most integrated in the world. The Energy Dialogue has aimed at developing energy policies in such a way as to improve the extraction and transport of oil and gas and at improving security of supply and energy efficiency and saving. Russia has agreed to examine jointly the legislation regarding investments and in particular Production Sharing Agreements. Efforts are being devoted to the preparation of a EU-Russia Energy Technology Centre in Moscow or Saint Petersburg. EU and Russia have also initiated a dialogue regarding Russia's concerns relating to trade in energy products and materials. The EU will continue to promote Russian ratification of the Energy Charter Treaty.