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to : EUROPEAN COUNCIL, Göteborg, 15/16 June 2001

Subject : Relations with Russia:
- Council Report to the European Council on the Implementation of the
Common Strategy of the European Union on Russia

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. On 11 June 2001, the Council approved this report on the Implementation of the Common Strategy of the European Union on Russia and invited the European Council to take note of it.

Council report to the European Council on the Implementation of the Common Strategy of the European Union on Russia

1. Introduction

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. The present report is the second review and evaluation of actions implemented through the work plans of the French and Swedish Presidencies on implementation of the Common Strategy.

Since the last report to the European Council, the dialogue and co-operation between the European Union and Russia have been strengthened in most areas covered by the Common Strategy. The Union's efforts have been guided by the strategic goals as defined by the Common Strategy:

- a stable, open and pluralistic democracy in Russia, governed by the rule of law and underpinning a prosperous market economy benefitting alike all the people of Russia and of the European Union,
- maintaining European stability, promoting global security and responding to the common challenges of the continent through intensified co-operation with Russia.

Implementation of the provisions of the Common Strategy has further been guided by an aim to make appropriate use of all relevant instruments and means available to the Union, the Community and the Member States as well as to achieve better coherence of the Union's activities in relation to Russia, including in international fora. In some areas, a multi-presidency approach has been applied to improve the long-term consistency of Union policies.

2. Review and evaluation

Consolidation of democracy, the rule of law and public institutions in Russia

The consolidation of democracy, the rule of law and public institutions in Russia remains a priority for the European Union in relations with Russia. A genuine EU-Russia partnership must rest on a solid basis of shared values such as respect for the principles of democracy, human rights, rule of law and market economy. The EU has continued to follow closely developments in Russia in this field during the past year. Repeatedly, the EU has found reason to express serious concern, mainly over the situation in Chechnya and recently as regards the state of civil society, including the future of independent media in Russia.

In addition to making full use of the dialogue with Russia, a number of activities and programmes are under way, both at national and European level, to strengthen democracy, the rule of law and civil society in Russia. These include the Tacis 2000 Core Action Programme which has a specific objective to support civil society development in Russia. Assessments made by i. a. the EU Head of Missions in Moscow of the state of democracy, rule of law and civil society in Russia clearly indicate that further efforts by the EU should be made in this direction. Such efforts should include appropriate support to strengthen independent media in Russia, notably on local and regional level, as well as NGOs active in the field of human rights and fundamental freedoms.

Continued legal reform in Russia is of crucial importance. During the past year, efforts have been made to promote higher efficiency and better co-ordination of EU support in this field. A long-term approach has been introduced to assist Russia in its endeavour to reinforce and reform its legal institutions. Specific measures and needs identified include i. a. continued support to the Russian Academy of Justice, further elaborated twinning programmes between legal institutions, including courts and prosecutors, in the EU and Russia as well as better co-ordination of Union activities within, and in co-operation with, relevant regional and international organisations, notably the Council of Europe.

Integration of Russia into a common European economic and social space

During the past year, efforts have continued, both on national and European level, to promote the further integration of Russia into a common economic and social space in Europe. An intensified

and constructive dialogue has been achieved with Russia on i. a. the need for further economic and social reform in Russia, legislative co-operation and the harmonisation of technical standards as well as for continued efforts by Russia to adapt to the membership requirements of the WTO.

Important opportunities for discussion of these and other topics concerning reform and economic co-operation have been the EU-Russia Summits in Paris in October 2000 and in Moscow in May 2001, the meeting between EU Heads of State and Government and the President of the Russian Federation in Stockholm 23 March, the High-level round-table in Moscow 30 March 2001 on the WTO and Russia's integration into the global economy and the meeting between the EU Ministers of Finance Troika and the Ministers of Finance and Economy of the Russian Federation in Moscow 11 May, marking the resumption of the high-level economic dialogue. At the EU-Russia Summit 2001 in Moscow, it was agreed to establish a joint high-level group within the framework of the Partnership and Co-operation Agreement to elaborate the concept of a common European economic space.

This intensive dialogue on economic reforms and co-operation has revealed an emerging convergence of views at a political level, which needs to be translated into a more detailed exchange on experts' level on key issues such as approximation of legislation, the investment climate in Russia and certain bilateral trade irritants.

At the EU-Russia Summit 2000 in Paris, a dialogue on energy co-operation was launched, with the view to lead to a strategic partnership between the EU and Russia in the energy field. Interim working groups have been set up to further elaborate the possibilities and conditions for co-operation and have presented their preliminary findings. A final, joint report will be submitted shortly, to be considered by the EU-Russia Summit in Brussels later this year.

In addition to the dialogue on Government level between the EU and Russia, European business has continued to provide useful contributions to the development of EU-Russia economic co-operation and a dialogue between trade unions in Europe and Russia has been launched. To promote interaction on social sector reform in Russia, a conference was held in St Petersburg 21-23 May 2001, with participation of both European and Russian experts.

Despite an intensive dialogue, including within the framework of the Partnership and Co-operation Agreement, a number of obstacles for trade and investment still remain, which will have to be

removed in order for economic co-operation to develop. Lowered trade barriers as well as improvements in the business and investment climate in Russia are among the required measures. The EU continues to support Russian reform efforts in this direction, both through Community and Member States programmes. The EU has also continued to press for solutions to long-standing trade disputes between the Union and Russia, although so far with varied results. An agreement was reached however at the EU-Russia Summit 2001 in Moscow to resume the dialogue on aviation matters, which will include consultations on the issue of Trans-Siberian over-flights. At the Summit, the EU and Russia also agreed that new procedures should be put into place to enhance the dispute mechanism of the Partnership and Co-operation Agreement. The Summit further agreed on the need for simplification of customs procedures at border crossings to promote the development of trade relations. Negotiations of a new fisheries agreement will soon be launched and negotiations on a pharmaceutical agreement will be accelerated.

In the field of science and technology, an agreement on scientific and technological co-operation between the EU and Russia was signed in November 2000 and entered into force in May 2001. The agreement provides a good basis for further integration of Russia into European science and technology co-operation.

Co-operation to strengthen stability and security in Europe and beyond

Russia remains an essential partner of the European Union in strengthening stability and security in Europe. The political dialogue between the EU and Russia is characterised by open, frank and constructive discussions at all levels, covering most issues of common interest and concern, including regional questions such as i.a. Southern Caucasus, as well as the situation in Belarus and Moldova. These discussions provide a solid basis for co-operation, including in areas of strong EU interest, and should be further developed.

Important steps have been taken to further strengthen dialogue and co-operation in the security policy field. At the EU-Russia Summit 2000 in Paris, a joint declaration was adopted on strengthening dialogue and co-operation on political and security matters in Europe. The implementation of the decisions of the European Council from December 2000 provides for a framework for structured dialogue and opens for possible Russian participation in future EU-led crisis management operations under agreed conditions. At the Summit 2001 in Moscow, the EU and Russia agreed to make full use of these existing formats for dialogue and to focus on substantive

issues of common concern. The EU will inform Russia on developments in ESDP matters and Russia will inform the EU on the development of its security and defence policy and its implementation within the fora for political dialogue. The Summit also concluded that co-operation in the field of security policy, including on the work of the EU on military and civilian crisis management, should continue to evolve gradually and in a structured way. Crisis management in Europe as well as UN and OSCE matters, were identified as important areas of co-operation. Furthermore it was agreed that, as the EU is improving its capacity for conflict prevention, the dialogue in this field will also be strengthened.

Dialogue and interaction between the EU and Russia have also intensified in the fields of non-proliferation, disarmament and arms control. The Joint Action establishing a co-operation programme for non-proliferation and disarmament in Russia - the first Joint Action adopted under the Common Strategy - has continued to be a useful tool and a catalyst for concrete and concerted efforts, notably on chemical weapons' destruction and preparations for disposition of weapons grade plutonium. Decisions are being prepared to expand efforts under the Joint Action to new project sites, including the Shchuchye chemical weapons destruction site.

Common challenges on the European continent

Common challenges of the European Union and Russia include promotion of a clean environment, measures to ensure nuclear safety and safe handling of nuclear waste, co-operation on Justice and Home Affairs as well as regional and cross-border co-operation. In all these areas, dialogue and co-operation have continued to evolve during the past year. Views largely seem to coincide on the nature of the challenges facing the EU and Russia and the need for concerted action to meet these challenges. But there is still a lack of concrete, joint efforts in some areas, partly because of the daunting tasks at hand but also due to differences in priorities. Further EU efforts and support will be needed, including to encourage Russia to make budgetary and other priorities so as to ensure concrete results, notably in the field of environment and nuclear safety. In other areas, such as Justice and Home Affairs, regional and cross-border co-operation etc, the EU and Russia have a joint responsibility to translate words into deeds.

In the field of environment, a joint work programme was adopted at the EU-Russia Co-operation Committee meeting in October 2000. The European Council in Stockholm 23-24 March 2001 agreed that lending from the European Investment Bank should be opened up for selected

environmental projects in Russia, according to specific criteria decided by the Council. At the Summit 2001 in Moscow, the EU and Russia repeated their strong mutual interest in deepening co-operation in the field of environment, i.a. in the Baltic Sea Region and including financing of specific projects.

In the field of nuclear safety, the EU has made full use of its political weight to finalise negotiations on a Multilateral Nuclear Environmental Programme in the Russian Federation (MNEPR). During the past months considerable progress has been made and a final agreement is now within reach. At the Summit 2001 in Moscow, the EU and Russia agreed to instruct their respective negotiators with a view to bringing about the signature of the MNEPR before the end of June 2001.

On Justice and Home Affairs, dialogue and co-operation has been strengthened at all levels. A significant step to develop co-operation in this area has been taken by launching a dialogue at Ministerial level on Justice and Home Affairs between the EU Troika and Russia, with the first meeting in Stockholm 6 April. Implementation of the joint action plan on fight against organised crime has continued, with specific priority being given to combating trafficking in human beings, drugs and stolen vehicles. The EU and Russia have also agreed to intensify efforts to combat corruption and money laundering.

On regional and cross-border co-operation, efforts have been made to intensify interaction with Russia, notably within the framework of the Northern Dimension, including in preparation of the 2nd Foreign Ministers' Conference on the Northern Dimension in Luxembourg 9 April.

While recognizing that the primary responsibility for the future development of the Kaliningrad lies with Russia, the region does pose a specific challenge for EU-Russia co-operation, including the need for a regional approach and enhanced cross-border efforts. During the first half of 2001, a dialogue has been launched, within the framework of the Partnership and Co-operation Agreement, on Kaliningrad. The dialogue will focus i. a. on possible consequences of EU enlargement for the Kaliningrad region and how practical arrangements could be worked out, while respecting the Community acquis, to handle these consequences. The dialogue will also focus on how the Kaliningrad region could take advantage of the opportunities of enlargement.

3. Co-ordination

Through considerable efforts by Member States, the Council Secretariat and the Commission, the Union has at its disposal a number of inventories on EU activities in relation to Russia. The full potential of these inventories, for the purpose of achieving greater complementarity of assistance and optimal use of the Union's resources, has yet to be utilised. Efforts should therefore continue in this direction, including with a view to improve transparency of EU-Russia relations in general and to improve the access of information for the public on the EU's activities in relation to Russia, to the benefit of citizens in Europe and Russia alike. Possible measures could include to consider linking together existing databases on Member States' and Community activities in relation to Russia or to explore the possibility to create a joint database on EU activities.

4. Conclusions

Two years after the adoption of the Common Strategy, and two years before the expiration of its initial term of application, some general conclusions could be made on the impact of the Common Strategy on the European Union's policy towards Russia. Covering a large number of areas and thus being all-encompassing in nature, the Common Strategy has proved to be an important instrument for guiding the European Union in relations with Russia. The Common Strategy's provision that each incoming Presidency should present a work plan for implementation of the Common Strategy has been of particular importance in this respect.

In the General Affairs Council conclusions in February 2001, the Council welcomed the report of the Secretary General/High Representative on how to improve the overall effectiveness of Common Strategies and agreed guideline to further develop the potential of existing and future Common Strategies. Added value, clearly identified issues and specific, well defined, and verifiable policy objectives should guide the future work on the Common Strategies, making full use of all relevant instruments and procedures established by the Treaty.

As regards the Common Strategy on Russia, it could be further developed in order to achieve better focusing of the Union's combined instruments and means (including through the use of Joint Actions and Common Positions), the resources of Member States and the Community as well as a

more long-term approach in fields of strong interest to the EU and Russia, i.e. by seeking multi-presidency agreements on priorities and objectives.

Under the Common Strategy, the European Union has now achieved an intensive and concentrated dialogue with Russia, covering most areas of shared EU-Russia interest. On the basis of this dialogue, concrete and constructive co-operation has evolved in a number of fields. However, there is still a notable discrepancy between the ambitions expressed in the dialogue and the actual results achieved. The EU and Russia share a responsibility to improve the track-record of EU-Russia co-operation, not least within the framework of the Partnership and Co-operation Agreement.

While the EU remains fully committed to the policy objectives of the Common Strategy, some aspects of developments in Russia continue to give rise to serious concern. This is primarily related to the Russian authorities' handling of the human rights and humanitarian situation in Chechnya, but also a worrying trend towards a weakening of independent media in Russia.

The EU's response to these developments has been to continue to make efforts to integrate Russia into European co-operation based on shared values and to strive for a consistent implementation of the Union's policy objectives in relations with Russia, while making full use of a strengthened dialogue, including in appropriate international fora, to deliver a clear, unambiguous message on issues that concern the basic principles on which EU-Russia co-operation and partnership must rest. Considering the situation in Russia, as well as the EU's own interests, the arguments are compelling in favour of continuing this "dual-track" policy also in the foreseeable future.
