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Det Europæiske Råd i Thessaloniki den 19.-20. juni 2003 Rådets rapport om
iværksættelse af EU's fælles strategi for Rusland, 10554/03.

P. H. D. S.



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 16 June 2003

10554/03

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NOTE

from : Council
on : 16 June 2003
to : European Council

Subject : Relations with Russia

- Council Report on the implementation of the Common Strategy of the European Union on Russia
- Extension of the Common Strategy

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. The Council recommends to the European Council to:
 - take note of the attached report on the implementation of the Common Strategy;

 - adopt the Common Strategy of the European Union of 19 June 2003 amending the Common Strategy of 4 June 1999 (1999/414/CFSP) on Russia in order to extend the period of its application until 24 June 2004 (doc.10213/03).

**COUNCIL REPORT TO THE EUROPEAN COUNCIL ON THE
IMPLEMENTATION OF THE COMMON STRATEGY OF THE EUROPEAN
UNION ON RUSSIA**

1. The Common Strategy on Russia, adopted by the Cologne European Council of June 1999, establishes in Part 4 of the section on Instruments and Measures that the Council shall report to the European Council on the progress towards its objectives not less than annually.
2. 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 Danish and Greek Presidencies, aimed at achieving the goals of the Common Strategy. The structure of this report is based on the principle objectives of the Common Strategy, namely:
 - a) Consolidation of democracy, the rule of law and public institutions in Russia;
 - b) Integration of Russia into a Common European Economic and Social Space;
 - c) Co-operation to strengthen stability and security in Europe and beyond
 - d) Common challenges on the European Continent

3. Apart from the particular areas of Co-operation mentioned below, an initiative was undertaken the past six months to reassess EU-Russia relations, mainly in view of the ongoing enlargement and the overall re-evaluation of EU relations with its neighbours. Based upon an assessment of the existing framework presented by the Commission and the Council Secretariat in March 2003, the Council held extensive discussions on the future of EU-Russia relations, and decided to follow a "two-track" approach: a) taking immediate steps, aiming at streamlining and making the existing framework more effective, and b) launching the process of preparing future EU-Russia relations, setting long-term goals which will be gradually reached through a process of meeting specific targets.
4. Reforming the existing framework focused on enhancing the role of the EU-Russia Co-operation Council, aiming at producing concrete results on a more regular basis, in the framework of the PCA. The Summit at St. Petersburg decided that the Co-operation Council should act as a clearing-house for all issues of EU-Russia Co-operation, meeting more frequently and in different formats. It was also decided to strengthen the Co-operation Council as a "Permanent Partnership Council". Another important aspect of reforming the existing bodies of Co-operation was the decision to streamline the political dialogue, work which is to be carried out under the forthcoming Presidencies.
5. As far as the future of EU-Russia relations is concerned, the EU proposed that efforts should focus on the creation of four "Common Spaces", namely a common economic space, a common space of freedom, security and justice, a space of co-operation in the field of external security, as well as a space of research and education, including cultural aspects. The Summit of St. Petersburg endorsed this proposal and decided that this process will be approached in a systematic way and on equal footing, with specific targets and reciprocal arrangements in each space. In this respect, the elaboration of roadmaps is envisaged.

6. Another element which had to be taken into account was the "Wider Europe/New Neighbourhood Initiative" aiming at the formation of a comprehensive EU policy towards its neighbours after enlargement. Following the Communication of the Commission, as well as the contribution of the High Representative, concrete decisions for the development of the initiative are to be adopted by the European Council of Thessaloniki. Russia is included in the geographical scope of the initiative, but, given its special status, the policies to be drawn-up will be integrated, on the basis of the principle of differentiation, into the overall EU-Russia strategic partnership as it evolves. The initiative being the main topic of discussion of the European Conference which took place in Athens (17/4/03), Russia was invited to attend the meeting.
7. The expiry of the Common Strategy on Russia in June 2003 brought about the issue of revising it. This was linked to the overall issue of the future of all EU Common Strategies and the discussions for the institutional reform of the Union. Although there is a broad consensus for the need to revise the whole Common Strategies policy of the Union, aiming at producing more operational instruments of EU external actions, it was considered necessary to take on board the results of the IGC, which will follow the Convention. In this context it was decided to roll over the Common Strategy for one year and reassess it in the light of the results of the IGC.

As regards the progress on the four principal objectives of the Common Strategy during the last year, the situation is as follows:

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

8. During the past year, the Danish and Greek 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.
9. 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.
10. Priority has been given to the ongoing reform of the judicial system and the Danish Presidency organised a conference in October 2002 on "Law in Progress: Transitional Results" for 85 specialists in the field of law and social science from Russia and the EU. The specialists decided to establish three working groups of participating Russian partners who would continue to develop recommendations for sustainable reform in legislation and public policy programmes. A follow-up conference in Moscow in April 2003 refined the recommendations. It is expected that the work will be followed up by increased support from TACIS to legal reform.
11. Assistance provided by the Tacis programme has supported institutional, legal and administrative reform in Russia. The European Initiative for Democracy and Human Rights has actively promoted the rule of law, democratic values and media freedom.

12. Throughout the year, and notably in the context of the EU Russia Summits in November 2002 and May 2003, the EU repeatedly expressed to the Russian authorities its concerns over the situation in Chechnya and encouraged Russia to continue its efforts towards a political settlement, as well as the implementation of a comprehensive policy aiming at the restoration of peace, confidence-building, protection of human rights and economic reconstruction. The situation in Chechnya also appeared in the Joint Statement of the St.Petersburg Summit, for the first time after October 2001. On 7-9 April 2003, the Troika of the EU Heads of Mission in Moscow travelled to the region (Chechnya and Ingushetia) to gather first hand knowledge of the situation on the ground and reported accordingly. Moreover, the EU strongly supported the discussions between the OSCE Chairmanship-in-Office and Russia on a long-term constructive OSCE engagement in Chechnya.
13. The EU continued to encourage the efforts of Russia to normalise the situation and ensure the safe voluntary return of refugees, while insisting on observance of human and civil rights, prosecution of those who violate them, improved conditions for the distribution of humanitarian assistance, and efforts at a peaceful settlement that would fully respect the territorial integrity of the Russian Federation, when possible in Co-operation with OSCE, Council of Europe and other international organisations.

Integration of Russia into a Common European Economic and Social Area

14. The High-Level Group on the CEES met for the third time in October 2002 and will meet for a fourth time on 23 June 2003. Work to define the concept of the CEES is ongoing and set to intensify in preparation of the Summit in November 2003, by which time the joint concept is to be finalised.

15. Contacts aimed at achieving greater efficiency in the fulfilment of the content of the Partnership and Co-operation Agreement [PCA] have continued. Substantial progress towards the establishment of rules of procedure for dispute settlement in the framework of the PCA has been made. Agreement has been reached on the rules of procedure, although the rules have yet to be formally adopted and enter into force.
16. The impact of EU enlargement has taken an increasingly high profile in the EU-Russia dialogue. Russia, as the EU's neighbour and as a traditional partner of the new Member States, is well placed to benefit from the opportunities enlargement will bring. The Commission organised a seminar on the impact of enlargement on trade issues in April in Moscow to address Russian concerns. This matter has also been extensively discussed in the Sub-Committees, at the 7th Co-operation Committee in October 2002 and at the 6th Co-operation Council in April 2003. First discussions have also been held on the extension of the PCA to the Acceding Member States. The Commission will propose negotiating directives for such an extension under the Italian Presidency.
17. The EU has intensified discussions with Russia on WTO accession. It supports the early accession of Russia to the WTO, which will be a major step in the consolidation of Russia's reform process and will further integrate Russia into the world economy. A number of issues (e.g. energy, services, Siberian overflights, customs, etc.) remain to be addressed, despite numerous expert and political-level meetings, in order that Russia accedes on commercially viable terms. The EU granted Russia market economy status in November 2002.

18. There has also been significant progress on the energy dialogue, building greater trust and understanding as well as progress with respect to "projects of common interest", identification of energy efficiency pilot projects and the opening of the EU-Russian Energy Technology Centre in Moscow in December 2002. Moreover, there is now agreement that there is no limit on EU imports of fossil fuels from Russia, following expert discussions in October 2002. The EU continued to press for Russian ratification of the Energy Charter and for conclusion of the negotiations on the Transit protocol.
19. The Commission is undertaking the necessary work to renew the EU-Russian agreement on Co-operation in science and technology.
20. The Commission has launched negotiations on an EU-Russian Fisheries Co-operation Agreement.

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

21. Following on from the Seville European Council, wherein the "Arrangements for Consultation and Co-operation between the European Union and Russia on Crisis Management" were adopted, a number of practical steps have been taken which have enhanced Co-operation between the two sides in the fields of crisis management and conflict prevention. In this context, Russia has appointed a contact person accredited to the EU Military Staff in order to facilitate Russia's involvement in the Union's military activities, while these arrangements have also allowed for Russia's participation in the EU's Police Mission in Bosnia-Herzegovina.
22. Furthermore, regular contacts at expert level have brought forward the discussions related to the possible use by the EU of Russian long-haul aircraft, while the potential use by the EU of the assets of the Russian Ministry of Emergencies is being examined with a view to identifying possibilities for concrete Co-operation, particularly in the fields of civil protection, search and rescue operations and in managing the consequences of natural and man-made disasters.

23. Co-operation continued in the framework of the Joint Action establishing a Co-operation programme for Non-Proliferation and Disarmament in the Russian Federation, adopted under the Common Strategy. The Programme was prolonged for one year. Comprehensive exchanges of views on issues related to nuclear, chemical, biological and conventional weapons took place in various fora, including the St. Petersburg Summit. Furthermore, the issues of nuclear technology and nuclear fuel exports to India and Iran were raised with the Russian side in the context of the political dialogue.
24. Co-operation with Russia in the fight against terrorism has been substantially enhanced during the last year. Of particular importance is the Joint Statement issued by the November 2002 Summit and the Agreed Areas of Co-operation attached to it. The issue appeared in the agenda of all the meetings with Russia.
25. The EU also strengthened Co-operation with Russia in and on the OSCE, by including in the political dialogue the Russian implementation of OSCE and Council of Europe commitments, inter alia in the field of human rights and in the fulfilment of Russian commitments arising from Istanbul.
26. The EU continued its efforts to obtain Co-operation with Russia – also within the OSCE – aimed at solving frozen conflicts in Moldova and the Southern Caucasus, as well as at ameliorating the situation in Belarus. Intense efforts were made in particular to launch Co-operation with Russia for the resolution of the Transdnestrrian conflict, in Moldova. Unfortunately, the Russian side proved quite unwilling to respond positively to the EU initiative.

Addressing Common challenges on the European Continent

27. During the last year, the Action Plan with Russia on Combating Organised Crime remained the main instrument for enhancing Co-operation on JHA issues. Two Ministerial Troika meetings with the Russian side took place on 5 November 2002 and 20 May 2003 to discuss the issues identified at the 15+1 Ministerial meeting in the margins of the Council of JHA the 25-26 April 2002, including an evaluation of the progress of the Action Plan to combat organised crime – in particular crime related to drugs, trafficking in human beings, trafficking in stolen vehicles and other highly taxed goods, money laundering –, assess implementing arrangements and strengthen Co-operation in other JHA fields – in particular police Co-operation (including a Strategic Co-operation Agreement on police co-operation between Europol and Russia), measures against illegal immigration and management of borders and visas.
28. Furthermore, strengthening of the Liaison Officers' Network in Moscow so as to facilitate the implementation of the Action Plan was promoted. EU Liaison Officers and their Russian counterparts are to meet regularly to exchange information facilitating the implementation of the Action Plan.
29. The Commission has held two rounds of negotiations with Russia on the conclusion of an EU-Russia Readmission Agreement. Nevertheless, the negotiations are at present stalled, because Russia is trying to link this issue with the liberalisation of the EU visa regime vis-à-vis Russian citizens. The EU and Russia agreed to examine the conditions for visa-free travel as a long-term perspective and the EU has made clear that it is ready to start discussions on the issue within the framework of the PCA. The priority is to focus on the concrete steps needed to establish mutual confidence in terms, inter alia, of upgrading arrangements to combat illegal migration by improving the security of Russian travel documents and of promoting public order and security. A positive development was the adoption, by the Russian side, of important legislation to stabilise the control of migration influx in its territory, as well as identify illegal immigrants.

30. Regarding money laundering, substantial progress has been achieved: a) Russia has created a Financial Intelligence Unit; b) it has taken measures which led to its removal from the black list FATF; c) it has recently adopted legislation against money laundering and, in February 2003, created a Special Unit in this respect.
31. Russia showed keen interest in co-operating with the EU in the fight against drugs, in particular originating from Afghanistan. It presented a relevant proposal to be adopted by the St. Petersburg Summit. The proposal not being very concrete, the EU insisted that the Joint Statement referred to Co-operation in the framework of international efforts. On 11 March 2003, Russia adopted a Presidential Decree regarding the creation of a Committee for the control of narcotics and psychotropic substances.
32. The issue of Russian transit to and from the Kaliningrad region was dealt with intensively. EU's position was formed through several meetings of the Council and the two meetings of the European Council during the second half of 2002. A solution was found at the EU-Russia Summit of November 2002 and was incorporated in a Joint Statement. Following the Joint Statement, extensive discussions of the Presidency and the Commission with Lithuania and Russia secured implementation of the measures provided for therein for the period up to 1/7/03, namely:
- a) necessary legislation was adopted, in order to establish a Facilitated Transit Document [FTD] and a Facilitated Rail Transit Document [FRTD];
 - b) Lithuania and Russia signed a bilateral Readmission Agreement;
 - c) negotiations for the conclusion of an EU-Russia Readmission Agreement were launched;
 - d) permits for new Consulate Offices were granted (Lithuanian in Sovetsk, Russian in Kaunas respectively).
33. Furthermore, the Russian Duma ratified the Border-Delimitation Treaty with Lithuania. Discussions on the impact of enlargement for the transit of goods between Kaliningrad and the rest of the Russian Federation have taken place.

34. The EU also continued its efforts for the overall development of the Kaliningrad oblast. A conference on the economic development of Kaliningrad was organised in Moscow in September 2002 with participation of high-level experts and political advisers from the Russian side. Furthermore, a total of 25 million EURO was earmarked especially for Kaliningrad in the TACIS 2004-06 Indicative Programme for the Russian Federation. The programme aims at developing administrative capacity in Kaliningrad, improve health care services, promote the intellectual potential of the region and promote cross-border co-operation. Unfortunately it proved necessary at very short notice to cancel a planned conference in Kaliningrad in November 2002 concerning the question of securing the oblast's energy supply.
35. Enhanced Co-operation on environmental issues was pursued, including spent nuclear fuel and nuclear waste management. The EU continued to strongly urge Russia to ratify the Kyoto Protocol in order to enhance the efficient use of energy and combating climate change and allowing the EU and Russia to participate in the Kyoto mechanisms, particularly emissions trading and Joint Implementation. The Commission organised a seminar for Russian officials on 22-23 May on Kyoto Protocol flexible mechanisms: joint implementation and emissions trading.
36. Environmental issues were set as a main priority of the EU for the Summit in St. Petersburg and, in spite of strong Russian resistance, the Joint Statement includes references to the re-launch of the dialogue on nuclear safety, ratification by Russia of the Kyoto Protocol as well as maritime safety, including phasing out of single hull vessels, in particular for the transport of oil.
37. A support fund for the Northern Dimension Environmental Partnership [NDEP] was created in July 2002 and became operational during the fall. Decisions were made to fund environmental projects in Northwest Russia.

38. A very positive development was the conclusion of the negotiations and the signing of the MNEPR Agreement, on 21/5/03, in Stockholm. The agreement provides the legal basis for nuclear projects under the NDEP. Moreover, the EIB/Russia Framework Agreement has been signed.
39. The new "Environmental Strategy for the Newly Independent States" developed by the CIS countries as an element of the framework for Co-operation with the EU was supported. The strategy was adopted at the ministerial conference in Kyiv in May 2003. During the same Conference, the "Environmental Partnerships in the UNECE Region: Environmental Strategy for Countries of Eastern Europe, the Caucasus and Central Asian (EECCA),. Strategic Framework", intended to contribute to improving environmental conditions and to implementing the World Summit on Sustainable Development (WSSD) Plan of Implementation in EECCA by facilitating partnership and Co-operation between these countries and other countries of the UNECE region was adopted.
40. The EU promoted the water initiative for the CIS countries – including Russia – for a strategic partnership for access to safe drinking water and sanitation and sustainable water management based on the principle of integrated river basin management.
41. The Danish Presidency organised two Ministerial Conferences on the Northern Dimension. One Ministerial Conference on Arctic aspects was held in Greenland in late August a Ministerial Conference was convened in Luxembourg in October 2002. Priority was given to better framework conditions for private business, cross-border Co-operation, border management, environment, crime, civil protection and Kaliningrad. EU Member States and the seven partner countries (Estonia, Iceland, Latvia, Lithuania, Norway, Poland, Russia) attended both conferences. The work led to the adoption of guidelines for a new Action Plan for 2004-06. The Commission's proposal for the Action Plan was presented in June 2003.