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2 February 2004

## **REPORT**

with a proposal for a European Parliament recommendation to the Council on EU-Russia relations (2003/2230(INI))

Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

Rapporteur: Bastiaan Belder

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#### PROCEDURAL PAGE

At the sitting of 22 October 2003 the President of Parliament announced that he had referred the proposal for a recommendation by Bastiaan Belder on behalf of the EDD Group on EU-Russia relations (B5-0438/2003) under Rule 49(1) of the Rules of Procedure to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible and the Committee on Industry, External Trade, Research and Energy for its opinion.

At its meeting of 4 November 2003 the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy decided to draw up a report on the subject under Rule 49(3) and Rule 104, and appointed Bastiaan Belder rapporteur (2003/2230(INI)).

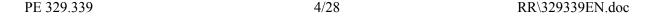
The committee considered its draft report at its meetings of 1 December 2003 and 20-21 January 2004.

At the last meeting the committee adopted the proposal for a recommendation by 32 votes to 0, with 2 abstentions.

The following were present for the vote: Elmar Brok (chairperson), Baroness Nicholson of Winterbourne (1st vice-chairperson), Geoffrey Van Orden (2nd vice-chairperson), Christos Zacharakis (3rd vice-chairperson), Bastiaan Belder (rapporteur), Ole Andreasen, Anne André-Léonard (for Claudio Martelli), Per-Arne Arvidsson, Alexandros Baltas, Cees Bremmer (for Michael Gahler), André Brie, John Walls Cushnahan, Olivier Dupuis (for Emma Bonino), Glyn Ford, Jas Gawronski, Robert Goebbels (for Jacques F. Poos pursuant to Rule 153(2)), Vasco Graça Moura (for Gerardo Galeote Quecedo), Magdalene Hoff, Ulpu Iivari (for Véronique De Keyser), Armin Laschet, Cecilia Malmström, Philippe Morillon, Jean-Thomas Nordmann, Arie M. Oostlander, Reino Paasilinna (for Jannis Sakellariou), José Ignacio Salafranca Sánchez-Neyra, Jacques Santer, Jürgen Schröder, Ioannis Souladakis, Ursula Stenzel, Charles Tannock, Joan Vallvé, Bob van den Bos, Paavo Väyrynen, Jan Marinus Wiersma.

The opinion of the Committee on Industry, External Trade, Research and Energy is attached.

The report was tabled on 2 February 2004.



## PROPOSAL FOR A EUROPEAN PARLIAMENT RECOMMENDATION TO THE COUNCIL

# on EU-Russia relations (2003/2230(INI))

The European Parliament,

- having regard to the Partnership and Co-operation Agreement (PCA) between the European Union and Russia, which entered into force on 1 December 1997,
- having regard to the Common Strategy of the European Union on Russia, the period of application of which has been extended to 24 June 2004,
- having regard to the Commission's Country Strategy Paper and the TACIS National Indicative Programme for Russia,
- having regard to the preliminary conclusions by the International Election Observation Mission on the State Duma elections in the Russian Federation on 7 December 2003,
- having regard to recent action by the Russian judiciary, against Yukos and the Open Society Institute,
- having regard to the Presidency Conclusions of the Brussels European Council on 12
   December 2003, in particular to the request to the Council and the Commission to draw up assessment reports on all aspects of the Union's relationship with Russia,
- having regard to the Commission communication on 'Wider Europe Neighbourhood (COM(2003) 104) and its own resolution of 20 November 2003 on the same subject<sup>1</sup>,
- having regard to its resolution of 20 November 2003 on the 12th EU-Russia Summit<sup>2</sup>
- having regard to its earlier resolutions on the implementation of the Common Strategy, the Northern Dimension, Kaliningrad, Chechnya, Ukraine and South Caucasus,
- having regard to the proposal for a recommendation to the Council by Bastiaan Belder on behalf of the EDD Group on EU-Russia relations (B5-0438/2003),
- having regard to Rule 49(3) and Rule 104 of its Rules of Procedure,
- having regard to the report of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0053/2004),
- A. whereas, owing to its size, resources and policies, Russia plays a crucial role for security and stability in Europe and the EU conducts a policy of constructive engagement vis-à-vis Russia,

<sup>2</sup> P5 TA-PROV (2003)0519

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<sup>&</sup>lt;sup>1</sup> P5 TA-PROV(2003)0520

- B. whereas Russia's importance as a direct neighbour of the EU will further increase as a result of the EU enlargement and, having regard to the result of the elections to the State Duma, cooperation between the European Parliament and the Duma is faced with an even more exacting task,
- C. whereas the EU and Russia have common interests in the trade and economic field, with the EU constituting Russia's biggest export market and its most important source of imports; whereas the EU has an interest in improving the security of its energy supplies from Russia, and wishes to develop its imports, provided that shipments comply with international safety and environmental requirements, and, taken together, this opens up considerable potential for investment in Russia which can help with the country's economic modernisation,
- D. whereas a successful and increasingly broad-based economic development in Russia is in the interest also of the EU, in particular since it would provide Russia with further resources to deal with a range of challenges such as improving nuclear safety, reducing pollution of the environment, improving public health and taking more effective measures against the spread of infectious diseases such as HIV/AIDS and tuberculosis, and raise the standard of living, which could help to reduce crime, drug use and trafficking,
- E. whereas huge volumes of radioactive material are stored under alarming conditions on the Kola Peninsula, close to the EU border; whereas plans to continue for many years the operation of a number of first generation nuclear power plants which do not fulfil international safety standards are also a matter of concern; whereas, at the same time, the EU and Russia have the ambition to interconnect their electricity grids by 2007,
- F. whereas the delay in the ratification of the Kyoto protocol by the Duma is preventing this treaty from entering into force, thus weakening the international multilateral framework,
- G. whereas organised crime, including drug trafficking and trafficking in human beings, is creating major problems in Russian society, is a disruptive factor in relations with the EU and requires effective border controls,
- H. whereas the EU and Russia can contribute to enhanced common security in Europe through intensified dialogue and cooperation on controlling arms exports, on issues arising from the Non-Proliferation Treaty, on the security problems linked to international crime, on strategies for combating terrorism and preventing terrorist attacks, and on possible solutions to conflicts in trouble spots in Eastern Europe,
- I. whereas the persisting massive human rights violations in Chechnya and the continuing absence of a credible peace and reconciliation process are perpetuating the suffering of the inhabitants of the republic and keeps dissuading those who have fled from returning; whereas Russia should guarantee that international organisations can operate in the area; whereas the findings of experts of the Council of Europe's Committee for the Prevention of Torture who visited Chechnya in May 2003 prompted them to take the rare measure to issue a public statement and to warn therein that 'a state must avoid the trap of abandoning

 civilised values'1,

- J. whereas portraying the conflict as simply one between terrorists and forces seeking to uphold law and order is a distortion of it, however terrorist activities do exist and have shown signs of increasing; whereas actions by the security and military forces could be seen as being directly counter-productive by contributing to the creation of a climate of strong fear and hopelessness, raising a desire for retaliation among family members of victims and in this way facilitating the recruitment of new would-be assassins and suicide attackers,
- K. whereas over the last decade the war in Chechnya has left over 200,000 people dead out of an original Chechen population of one million inhabitants, turned hundreds of thousands into refugees, left tens of thousands injured, tortured, handicapped and traumatised and caused tens of thousands of deaths among the Russian military,
- L. stressing that the ongoing conflict in Chechnya and the massive human rights violations taking place there are an insurmountable obstacle to the enhancement of a genuine partnership between the EU and Russia,
- M. whereas Chechnya is not only an "internal affair" to Russia because violations of human rights are self-evidently threats to international security, which is felt already in some neighbouring countries,
- N. whereas the foundations of the EU's Russia policy, notably the PCA, the Common Strategy and the TACIS programme, were laid a number of years ago and whereas these instruments have not yet been fully used, but should be reviewed and adjusted to the New Neighbours-Wider Europe strategy,
- O. whereas the instruments must be reviewed, given the mixed experience of their application and new developments to which the EU should respond, as well as the facts that the Common Strategy expires in June 2004 and that a redesign of the TACIS programme is currently being reflected upon within the Commission,
- P. whereas the potential of the PCA is far from being fully used, in particular due to lengthy decision-making procedures and shifting responsibilities,
- Q. whereas the PCA is expected to be extended to the new Member States as any other international agreement concluded by the EU, but Russia apparently seeks to use it as a bargain chip and tries to introduce new conditions for agreeing to this, which is unacceptable to the EU,
- R. whereas ratified border agreements between Russia on the one hand, and the acceding countries Estonia and Latvia on the other, are still not in place,
- S. whereas article 2 of the Partnership and Co-operation Agreement makes clear that the partnership is based on the common values of respect for democratic principles and human rights, as defined in particular in the Final Act of the Conference on Security and

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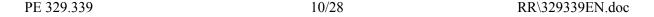
<sup>&</sup>lt;sup>1</sup> Public statement concerning the Chechen Republic of the Russian Federation, accessible at http://www.cpt.coe.int/en/states/rus.htm

- Co-operation in Europe in Helsinki and the OSCE Charter of Paris for a New Europe; whereas the European Convention on Human Rights, to which Russia acceded after the signing of the EU-Russia Partnership and Co-operation Agreement, provides a further important reference as to the common values,
- T. whereas further democratisation, especially in the field of free and fair elections, freedom of the media, respectful treatment of non-governmental organisations, adherence to fundamental principles in relation to the rule of law, such as non-interference in judicial proceedings by political authorities, equality before the law and the right to due process, and Russia's possible integration into more comprehensive political, economic and security structures constitute interrelated processes,
- U. whereas the elections to the State Duma on 7 December 2003 were preceded by an election campaign marked by extensive use of administrative resources and control of media, with the aim of favouring government-friendly parties; whereas the elections failed to meet international standards and represented a regression in the democratisation process,
- V. whereas the policy of the European Union and its Member States towards the Russian Federation has been unable to contribute significantly to checking or even stopping this process of the weakening of the rule of law and democracy,
- W. whereas Russia must do its utmost so as to solve the frozen conflicts in South Caucasus and contribute to the stability of the countries in the region by respecting fully their sovereignty and territorial integrity,
- X. whereas it is essential that the Russian Federation honour the commitments it assumed at the OSCE Summit in Istanbul, in particular to close Russian military bases in Georgia and Moldova,
- Y. whereas the EU and Russia have pleaded in many occasions for a world order based on a multilateral framework and joint efforts should be foreseen so as to reform international organisations and make them more efficient,
- Z. whereas the EU and Russia have declared as a long-term objective the creation of a common economic space, a common space of freedom, security and justice, a space of cooperation in the field of external security and a space of research and education, including cultural aspects; whereas few questions on the actual meaning of this have yet received any answer, although the European Parliament welcomes the acceptance of the EU Common Customs document by Russia and the signing of the protocols on the exchange of information with Europol, and it also remains unclear to what extent the framework for EU-Russia relations and the Wider Europe policy framework should be brought in line with each other,
- AA.whereas uncoordinated statements by leaders of Member States rendered negotiations with Russia on Kaliningrad transit excessively difficult; whereas after the last EU-Russia summit, spectacular statements on Chechnya which went straight against well-established and fully motivated EU positions were made; whereas Member States and top EU representatives gave contradicting signals following the Yukos affair and whereas at the

end of the summit, statements were made on the Yukos affair, reaffirming the need to guarantee equitable, transparent and non-discriminatory procedures, statements which have since been belied by events,

- AB.noting that Russia has not gone through a transition of the kind foreseen when the international community, including the EU, formulated its basic response to developments there a decade ago; convinced that if instead, and against the common values on which the EU-Russia bilateral relationship is to be built, a "managed democracy" is being consolidated, contrary to key EU principles, if economic reforms remain relatively slow, at least as long as the extractive industries continue to prosper, and if, in practice, pursuit of increased leverage on some neighbours is as important as the search for mutually beneficial co-operative solutions, the EU must fully take these developments into account in its assessment of its Russia policy,
- 1. Recommends the Council and the European Council, when they receive the assessment reports on all aspects of the EU's relationship with Russia which are now being prepared in the Council's General Secretariat and the Commission, to focus their discussions on:
  - how developments in Russia since the EU laid the foundations for its current Russia policy have influenced the possibility to reach the policy objectives set and the effectiveness of the policy instruments used,
  - listing and assigning different levels of priority to the EU's policy objectives, with a view to facilitate the making of rational and fully defensible choices when parallel progress towards different objectives proves impossible to achieve, in particular in situations where objectives closely related to the common values upon which the partnership is built are involved,
  - agreeing on concrete steps to ensure consistency in the pronouncements and actions of the leaders of its Member States, the Council as an institution and the Commission, thereby enabling the Union to exert its influence as effectively as possible, as Member States have committed themselves to in the Treaty,
  - giving its revised Russia policy a new foundation which ensures transparency and continuity, while at the same time having the capacity to provide guidance also under changing political and other conditions in Russia;
- 2. Recommends the Council and the European Council to apply in a fully consistent way the principle that the partnership and its development is based on respect for common values, without making an exception for any area of cooperation, be it for example external security, internal security or support for Russian WTO accession;
- 3. Recommends the Council and the European Council to structure the revised Russia policy around the following objectives:
  - ensuring good neighbourly relations, including by effective border management, reinforced and better implemented cross-border cooperation and effective measures to address 'soft security' problems such as nuclear hazards, pollution, trans-border crime and illegal migration,

- promoting human rights, democracy, independent media, civil society development, religious freedom, the rule of law and transparency, with special focus on seeking an urgent improvement of the situation in Chechnya,
- co-operating in addressing 'frozen conflicts' in the south Caucasus, seriously contributing to the solution of the Transnistria issue and controlling the international trade in arms and promoting disarmament and non-proliferation,
- exploiting the potential for increased trade, which Russian WTO membership would facilitate, further intensifying the Energy Dialogue, not least with a view to achieve Russian ratification of the Energy Charter Treaty, and deepening economic relations, while taking into account i.a. safety and environmental factors; co-operating on the development of trans-European transport, energy and IT networks, with the support of the recently widened lending mandate for the European Investment Bank, as well as cooperating on satellite technologies,
- supporting efforts to improve public health and other aspects of social development in Russia, with special emphasis on the Kaliningrad region, with a view to help diminishing the welfare gap between the enlarged EU and this and other Russian regions; following the settlement of the issue of transit between the Russian mainland and the Kaliningrad exclave, making joint efforts to prevent any further deterioration of the situation in the region,
- promoting partnerships involving regions, towns, NGOs and universities;
- 4. Recommends the Council to make a specific analysis of the tendency of negotiations between the EU and Russia to suffer delays and become unnecessarily complicated; believes that lack of co-ordination on the EU side has in some cases contributed to this, by slowing down the shaping of EU positions or by encouraging Russia to seek to influence these positions via dialogue with individual EU Member States; urges greater respect, in particular from leaders of Member States, for the need and obligation to refrain from actions which could weaken the EU's ability to exert influence;
- 5. Recommends the Council not to depart from its position that Partnership and Co-operation Agreements must promptly be extended to all the new Member States;
- 6. Recommends the Council to demand that Russia immediately ratify the already negotiated border agreements with the accession states Estonia and Latvia;
- 7. Welcomes the Commission communication on 'Wider Europe Neighbourhood' and the proposals on a New Neighbourhood Instrument, expects this initiative to play a vital role in future EU-Russia relations and takes the view that it may provide a framework for building a privileged security and economic partnership with Russia; considers that in this process special importance should be given to shaping and monitoring the common external borders; calls as a first step for pilot projects on cross border co-operation to be introduced as soon as possible, based on increased co-ordination of projects carried out within the framework of existing instruments;
- 8. Recommends the Council to emphasise co-operation on combating trans-border crime,





including trafficking in drugs and human beings and child pornography, as well as on preventing illegal migration, demanding at the same time more effective action from Russia against organised crime;

#### Chechnya

- 9. Underlines that the situation in Chechnya strongly contradicts the values and principles upon which the modern Europe is built; considers the lack of dialogue on Chechnya to be morally and politically indefensible, incompatible with the shared wish to deepen cooperation on internal and external security and incompatible with the real security interests of both Russia and the EU;
- 10. Believes that Mr Kadyrov's success in the recent presidential election in Chechnya is the result of an unfair pre-election phase;
- 11. Reiterates its deep concern, once again, on the case of kidnapped Dutch "Médecins Sans Frontières" aid worker Arjan Erkel;
- 12. Recommends the Council to revive and further develop the two-track approach according to which the EU should actively pursue a change in Russia's policy in relation to Chechnya, while at the same time continuing cooperation with Russia in other areas; stresses that the launch of an inclusive, genuine peace and reconciliation process remains an urgent necessity;

#### 13. Recommends the Council:

- to increase its capacity to analyse developments in Chechnya, the repercussions of the conflict on the Russian society as a whole and how this conflict influences the prospects for attaining different Russian as well as EU policy objectives,
- to propose to Russia appropriate for and formats for further dialogue on Chechnya, stressing the logical and necessary links, primarily to the wider co-operation on internal and external security issues, and also noting that such a dialogue could facilitate the general development of the partnership by strengthening public support for it,
- to continuously renew calls on Russia to do its part in stopping the human rights violations in Chechnya, to investigate disappearances, reports of torture and other crimes, prosecute their perpetrators and ensure that court proceedings respect all legal requirements, to allow UN rapporteurs to visit the republic in accordance with their requests, to allow international staff of UN agencies, humanitarian aid and human rights organisations to work in Chechnya and to immediately stop the use of pressures against the internally displaced persons in Ingushetia to return to Chechnya, against their will and in spite of the still very difficult security situation there,
- to vigorously pursue the start of a dialogue between Moscow authorities and all representatives of the Chechnyan society, with the aim of rapidly achieving a political solution to the conflict, to promote the active involvement of the OSCE and to signal that the EU is willing to act as a mediator;

#### **Foreign Policy**

- 14. Calls on the Council also to take into account the security dimension when updating the Partnership and Cooperation Agreement in the near future and reformulating the EU's common strategy vis-à-vis Russia which expired in 2003 and to formulate the objective of establishing a comprehensive area embracing the whole of Europe without divisions;
- 15. Recommends the Council to renew its call on Russia to comply with its OSCE commitment on troop withdrawals from the Moldovan break-away region of Transnistria, as well as with commitments in relation to troop withdrawals from the whole of Georgia; believes that the level of progress, in the coming months, of attempts at forging closer cooperation on the handling of the Transnistria issue and on an increased EU presence in the region will give an idea of the actual scope for convergence of foreign policy positions; is aware that the future development of Georgia depends to a very great extent on the behaviour of Russia and looks therefore to the latter to refrain from any attempt to interfere in Georgia in general and in the Adjaria region in particular;
- 16. Recommends the Council to note that, by virtue of its union with Belarus, Russia has a special responsibility for promoting the development of democracy in Belarus;

### Human Rights and the Rule of Law

- 17. Welcomes the accords aimed at creating a common area of freedom, security and justice while highlighting common values such as respect for human rights and the rule of law; recalls in this connection the need for the Russian authorities and, in particular, the judiciary¹to apply the law in an equitable, transparent, non-discriminatory and proportionate manner;
- 18. Is aware that the privatisation process in the 1990s was carried out in a chaotic economic climate which gave rise to elements of dishonest and corrupt conduct; recognises that there are several possible ways of dealing with the acts which despite the ill-developed legal framework at the time can be identified as illegal; stresses, however, that respect for the principles of equality before the law and non-interference by political authorities in judicial proceedings, as well as respect for the rights of defendants, are fundamental for democratic states upholding the rule of law; recalls that these principles enshrined in the 1993 Russian Constitution form an integral part of the international obligations which the Russian Federation freely assumed when it ratified the European Convention on Human Rights in 1996 and that it must therefore respect its obligations not only in word but also in deed;
- 19. Regrets that recent moves by the Russian authorities against Yukos and the Open Society Institute were such as to arouse strong suspicion of political interference in the judicial process; calls on the authorities to treat all prisoners fairly;
- 20. Recommends the Council to encourage Russia to join the Council of Europe's Group of States against Corruption (GRECO) and take advantage of the support which this

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<sup>&</sup>lt;sup>1</sup> Point 5, P5 TA-PROV(2003)0519.

cooperation arrangement can offer;

## **TACIS**

- 21. Notes that the narrow concept of technical assistance, which is the basis for the TACIS programme, reflects unrealistic expectations in relation to the transition process at the time of the inception of the programme; points out that the usefulness of TACIS as a support for the above policy objectives is also seriously limited by the burdensome and excessively time-consuming procedures associated with it; looks forward to the new instrument foreseen by the New Neighbours-Wider Europe strategy when the regulation expires in 2006; recommends that the Commission exploit all possibilities to use the TACIS programme more flexibly and in a decentralised way until the current regulation expires; recommends to strengthen the TACIS democracy programmes;
- 22. Recommends the Council to pursue a general exemption from Russian VAT for all TACIS aid, since problems with existing refund-arrangements now hamper the implementation of many aid projects; recommends the Member States to improve their supply of information to the Commission on their aid projects in Russia;

### Kaliningrad

23. Underlines that special attention must be given to the Kaliningrad region and that both the EU and Russia carries a special responsibility for the future of the region; welcomes the commitment shown by Russia to rapid implementation of the transit agreement and the border agreement with Lithuania; expects this positive example to be followed by similar ratification of the border agreements with Estonia and Latvia;

#### **Environment and Public Health**

- 24. Welcomes the cooperation between the EU and Russia within the framework of the Northern Dimension Action Plan, in particular the Environmental Partnership and its Support Fund; insists on practical implementation of Northern Dimension projects; stresses that as obstacles to the launch of projects to address nuclear hazards in Russia are being removed, the EU should make sure that it can continue its financial contribution by keeping resources for this available; urges Russia to ban access for single-hull oil tankers to its ports that are liable to ice over; urges also that the opportunities afforded by the Northern Dimension partnership on public health and social welfare established in Oslo on 27 October 2003 be exploited;
- 25. Stresses the importance that Russia ratifies and implements the Espoo Convention on Environmental Assessment in a Transboundary Context in order to develop effective environmental protection measures for the Baltic Sea; calls on Russia to accelerate the phasing out of single hull tankers, and to carry out proper environmental impact assessments before oil extractions, the establishment of new large-scale ports or when extending the life of nuclear power plants;
- 26. Calls, in connection with the transport of oil, on the Commission and the Member States to make efforts to ensure that single-hull tankers sailing from Russian ports no longer operate in the Baltic Sea or other particularly sensitive waters such as the Caspian Sea or

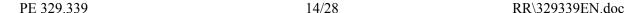
- the Black Sea, and to further tighten the amendment to the MARPOL Convention adopted in December providing for a transitional period up to 2010, for example by means of a request by the Member States to the IMO to declare the Baltic Sea, the Caspian Sea and the Black Sea particularly sensitive areas;
- 27. Regrets recent statements that Russia will not ratify the Kyoto agreement; calls on the Council to renew efforts to secure Russia's ratification of the agreement; points to that this agreement is particularly valuable for Russia, because of the choice of reference year in connection with the fixing of emission quotas and the huge potential for improvements in energy efficiency in the country; regrets that Russia nevertheless keeps delaying its ratification of the Protocol and thereby also its entry into force;
- 28. Points out that the flexible mechanisms of the Kyoto Protocol would allow Russia to combine measures to improve efficiency and modernisation with attaining the objectives of the Protocol in an economical way;

## Foreign trade

- 29. Calls on the Commission to devote particular attention to the negotiations on the accession of Russia to the WTO, to support Russia in the process of drawing closer to the WTO and to back that country in word and deed; considers that investors and traders on both sides need a predictable, stable, non-discriminatory, rules-based system of business relations, which are of great common interest to both sides; points out that restructuring and development of services sectors, notably insurance, banking and other financial sectors is an important condition for sustainable economic growth in Russia and that there is a considerable potential for trade, investment and other forms of cooperation there;
- 30. Calls on the Commission to draw attention in particular to the need to develop legislation and thereby guarantee the key prerequisites for investment and trade in Russia;

#### **Common European Economic Space**

- 31. Draws attention to the concept of the Common European Economic Space, to which the EU and Russia committed themselves at the EU-Russia Summit held in Rome at the beginning of November 2003 and which could further the integration of Russia's and the EU's economic and social structures;
- 32. Supports the Common European Economic Space as a long term process that has three major dimensions:
  - (i) regulatory convergence aimed at the harmonisation of Russia's legal and economic systems, as well as its technical, corporate and financial standards with international and European practice,
  - (ii) liberalisation of trade and investment, reciprocal opening of the markets and elimination of trade and investment barriers with the final perspective of establishing a Free Trade Area,
  - (iii) integration of the EU and Russia's infrastructure systems in energy, transport, telecommunications and other relevant areas;





#### **Energy**

- 33. Welcomes the progress in the EU-Russia Energy Dialogue aimed at establishing an energy partnership between EU and Russia, as part of the Common European Economic Space, recognises Russia's important role as energy supplier, and EU's importance for investments in this field, in particular as regards new, more environmentally friendly techniques; calls on the Council and Commission to consider more institutionalised forms for the energy co-operation;
- 34. Recommends the Council to underline that the EU market can be opened for Russian electricity exports only if electricity production in Russia takes place under sufficiently safe conditions, which presupposes phasing out first generation RBMK reactors, safety upgrades of other reactors, improved management of radioactive waste and measures to reduce environmental pollution; underlines the importance of the assistance which the EU, its Member States, other states and international financial institutions are providing in the nuclear safety and environmental fields and calls for full implementation of the MNEPR agreement;
- 35. Stresses that both sides should undertake decisive and concerted actions in the following directions:
  - (i) to work out a common blueprint for the development of energy markets, to reorganise natural monopolies and convergence of regulation systems, and to establish a joint consultative mechanism for exchange of information and coordination of new developments in the energy markets. Europe and Russia should also set the framework for a level playing field to enable direct investments in both regions,
  - (ii) it is time to move the EU-Russia Energy Partnership to a new qualitative level as stressed in the Fourth Progress report on the Energy Dialogue tabled during the recent EU-Russia Summit. In this framework, issues of nuclear trade, security of demand and supply, energy conservation and advanced forms of cooperation in the energy sector should be tackled in a most practical way;
- 36. Supports the construction of the northern European gas pipeline which is to supply Russian natural gas to Central Europe and the United Kingdom, thereby enhancing security of supply in those countries;
- 37. Stresses the importance of the construction of the combined oil and gas pipeline planned for Baku-Tbilisi-Ceyhan for supplies to that area and for the protection of marine environments that it will provide by making sea transport unnecessary; points out, however, that particular account must be taken of security and anti-terrorism measures in constructing the pipeline;
- 38. Points out that the interdependence of the EU and Russia in the energy sector is growing strongly and maintains that technical and legal solutions satisfactory to both sides must quickly be found in order to deal with future challenges in the sector;

#### Industry, research and development

- 39. Calls on the Russian government to provide for the timely implementation of scheduled programmes of law development, including the harmonisation of existing product conformity rules and certification procedures with international standards;
- 40. Calls on the European Investment Bank to allocate funding to small and medium-sized businesses in Russia in order to promote the restructuring of the country and consolidate the new democratic structures;
- 41. Stresses that the main common priority for ICT industry today is to accelerate the process of 'Content Meeting Telecom' with major emphasis on content rich, interactive multimedia services and broadband capabilities. Active education campaigns and high-level support are required to encourage and widen the dialogue between all stakeholders in the dynamic development in the ICT industry;
- 42. Stresses the importance of exchange and cooperation in the fields of research and the economy; calls on the Commission to provide its support, particularly in relation to exchanges of students and researchers;
- 43. Stresses the high quality of space research undertaken by strategic partners, including Russia, and the importance therefore of cooperating with Russia in that field, in order to enable both parties to benefit;
- 44. Stresses the common interest in working on a common standard for third generation (3G) mobile communications;
- 45. Points out that Russia's participation in the EU's sixth research framework programme represents an important contribution to future relations and that consideration should also be given to an appropriate share in the financing;

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46. Instructs its President to forward this recommendation to the Council and, for information, to the Commission, the Member States, the acceding and candidate countries, the Russian State Duma and Federal Government



#### **EXPLANATORY STATEMENT**

For perfect reasons, the EU has a high level of ambition for its Russia policy. There is much to gain for both parties, and for the whole of Europe, from an effective EU-Russia partnership based on the provisions of the Partnership and Co-operation Agreement (PCA) and in line with the EU's Common Strategy on Russia. Mindful of this, the European Parliament has strongly supported attempts to deepen the relationship and invested much hope in these attempts.

So far, so good. The problem is that despite formal upgradings of the relationship, most recently through the transformation of the Co-operation Council into a permanent Partnership Council, and the setting of new and grand objectives, such as the creation of four 'common spaces', the actual progress is quite modest. When speaking in the European Parliament before the EU-Russia summit in Rome in October 2003, External Relations Commissioner Chris Patten mentioned that the briefing documents on Russia he receives from his services look pretty much the same today as they did when he took up his job four years ago. He did not elaborate on this, but the rate of progress even on high-profile items such as the discussion on a Common Economic Space (which started two years before the three more spaces were invented), Russia's accession to the WTO, its ratification of the Kyoto Protocol (as discussed for years and promised by President Putin at the World Summit on Sustainable Development in Johannesburg in August 2002) and the Energy Dialogue has clearly been modest. The so called MNEPR Agreement, which provides a necessary framework for EU aid to address nuclear hazards in Russia, was delayed for several years before it was signed in May 2003. Progress on Kaliningrad transit and development has also been remarkably hard-won.

The gap between the rhetoric and the reality has widened. Commissioner Patten's remark - 'on a more personal note' after his prepared speech - is a sign that the situation is now becoming untenable. Parliament should grasp the opportunity, which the preparation of this report at this particular juncture provides, to set a new tone in the discussion on the EU's Russia policy and help to introduce more realism in it.

There is no reason to start charting any different course for the development of the EU-Russia relationship. What we want to see continues to be an increasingly democratic, market economic and prosperous Russia, well integrated into European structures and conducting mutually beneficial co-operation with the EU and its other neighbours. The perils of a weak, poor and possibly drifting and disintegrating Russia are so great that also those who emphasise risks which a resurgent and increasingly strong Russia might pose to neighbours have reason to ask whether a strong Russia is still not preferable. If anybody would suggest that a moderate success could be the safest, the answer must be that such a Russia would be less able to address the many 'soft security' challenges (nuclear hazards, pollution, contagious diseases, drugs, crime, trafficking in persons etc) which worry the EU and in fact are the main reason for the shaping of the Wider Europe - Neighbourhood policy. A weak, or relatively weak Russia is for this reason - and certainly also for other reasons, related to the EU's values - clearly not desirable. But what, more exactly, is a 'strong Russia'? Russia's recent history should have taught her that true strength in the modern world is not derived from military might and subjugation of neighbours, but from economic development through productive investment, innovation, technology transfers, a democratic society with well-functioning

institutions in which free people can realise their potential, trade, international cooperation and integration. The capacity of the EU to support Russian attempts to achieve such strength is very big. The EU should do so, but at the same time make sure that a different scenario is avoided: one where a significant measure of economic freedom is combined with an authoritarian political system, and possibly also with an unacceptable foreign policy.

This risk cannot be dismissed. China provides a very prominent example of economic success under an authoritarian regime and if the economic transformation of the Chinese society sooner or later will lead to a political transformation is highly uncertain. Russia, like China, is a huge country with many ethnic minorities and the argument that avoiding disintegration presupposes retaining a strong and at least partly authoritarian central leadership is sometimes heard. Moreover, Russian experiences of moving towards democracy and market economy, under President Yeltsin, are associated with memories of non-payment of salaries and pensions, rapidly deteriorating social services and the rise of the oligarchs, while the stabilisation and reversal of some of these trends has coincided with a partial return to a more centralistic form of government, decreasing freedom of the media and a more difficult climate for opposition forces.

On the other hand, great differences between China and Russia certainly exist. In the case of Russia, possibilities for outside actors to influence developments should also be greater - for the EU certainly immeasurably greater. There is reason to believe that in this respect, the EU is currently underperforming in a most dismal way. Analysing this is an urgent task. What can be provided in this report is only a beginning. The Commission and the High Representative for the CFSP should be requested to provide more comprehensive inputs and proposals for remedies to the ills which the EU's Russia policy is undeniably currently suffering from.

As already mentioned, it is clear what must be the EU's preferred scenario for Russia's development. This scenario is the one the PCA and the Common Strategy are built on. The Common Strategy lacks, however, analyses of other possible scenarios and outlines of what the EU responses to them should be.

The Common Strategy mentions a great number of objectives - also they very valid. What is needed next, but missing, is prioritisation. Since the order of priorities should change when developments make this appropriate, it may be wise not to include a detailed order in a Common Strategy or similar document valid for several years. Nevertheless, an agreed order of priorities should at every point in time exist and be set out somewhere.

The fundamental aspects of good neighbourly relations should figure at the top. Appropriate border management, functioning cross-border cooperation and measures to address 'soft security' challenges are necessary to pursue, regardless of other developments.

The further scope and depth of the relationship must to a considerable degree depend on the respect for human rights and the state of democracy. The focus should be on Chechnya. The reason is not only that the situation there is by far the most serious, but also that it influences democracy (in particular the freedom of the media<sup>1</sup>), the social climate (general feeling of

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<sup>&</sup>lt;sup>1</sup> In its 'Second World Press Freedom Ranking', the organisation Reporters Without Borders gives Russia the rank 148 in a comparison of 166 countries. The organisation recognises that a truly independent press exists in Russia, but refers to censorship in relation to the war in Chechnya and several murders. It describes Russia as 'one of the

security/insecurity, controls by the authorities, interethnic relations) and respect for human rights (police behaviour) in the Russian society as a whole. Hundreds of thousands of persons now living throughout Russia have earlier served in the federal forces in Chechnya. There are reports that such persons are heavily represented among perpetrators of violent crimes throughout Russia and that other of them now work as policemen, possibly still with attitudes and behaviours acquired in Chechnya.

Chechnya must also influence EU-Russia co-operation on internal and external security matters. If progress towards a common understanding of the phenomenon of terrorism cannot be made, that must reasonably limit the scope for co-operation in the fight against this phenomenon<sup>1</sup>. In relation to external security, Russia-Georgia relations are an important issue<sup>2</sup>. Also here, Chechnya plays a role. As regards Russian participation in EU crisis management missions, it would be logical to let this be influenced by the degree of cooperativeness Russia is showing in the search for a solution to the problem of the break-away region of Transnistria, in Moldova. In particular because of its military presence in this region, Russia holds an important key to progress on this issue.

Trade and economic co-operation is a mutual interest, although more important for Russia than for the EU. It is perfectly true that the EU has an interest in increasing its imports of oil and gas from Russia, but it is equally true that Russia has a big interest in increasing these exports. After enlargement, more than half of Russia's exports will go to the EU. For the EU, trade with Russia will still make up a limited proportion of the total trade. An increase in EU investments in Russia would clearly play a much greater role for the Russian economy than for that of the EU, although investments in the energy sector may be important also for the EU.

Despite what has just been said, the EU should devote great efforts to develop broad cooperation, i.e. not only on energy, with Russia in the trade and economic field and, indeed, gradually open its internal market to Russian participation as Russian economic reforms clears away obstacles for this. In order to help avoid what could roughly be described as a Chinese scenario, a clear link to developments in relation to human rights and democracy should, however, exist.

Moving Chechnya much higher up on the agenda does not mean approaching any new sanctions policy.

world's deadliest countries for journalists'. The European Parliament, among others, have earlier drawn attention i.a. to the case of Grigory Pakso, who spent several years in prison after having reported on dumping by the Russian navy of nuclear waste.

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<sup>&</sup>lt;sup>1</sup> The recent report of the UN Secretary General on the implementation of the UN's Millennium Declaration accurately says, in paragraph 76, that 'Nothing can excuse terrorism, but it often feeds on alienation and despair. If human beings everywhere were given real <u>hope</u> of achieving self-respect and a decent life by peaceful methods, terrorists would become harder to recruit, and would receive less sympathy from society at large. Greater respect for human rights, along with democracy and social justice, will in the long term be the most effective prophylactic against terror.'

<sup>&</sup>lt;sup>2</sup> This involves normalising the conditions in the break-away regions Abkhazia and South Ossetia, avoiding new incidents in the Pankisi gorge on the border to Chechnya, withdrawal of Russian troops and closure of bases on Georgian territory, in accordance with commitments made.

In connection with the outbreak of the second Chechen war, in 1999, the EU introduced, with the active support of the European Parliament, limited sanctions: limitation of TACIS aid to human rights and democracy projects and delay of a scientific and technological co-operation agreement. These measures had no effect. Ongoing TACIS projects continued and the freeze on new ones would only be noticeable much later. And nothing suggested that this freeze, or the delay of the scientific and technological co-operation agreement, would ever have produced any effect on the Russian policy in Chechnya.

The sanctions failure led to the birth of the 'two-track approach', according to which the EU should continue to criticise human rights violations in Chechnya, but instead of cutting cooperation with Russia actively develop it, with a view not least to influence the Russian action in Chechnya. The 'two-track approach' figured in the last European Parliament report on Russia: the Oostlander report. In principle, this approach is still the right one. It can, however, not be interpreted as a virtually total separation of the Chechnya issue from other issues in EU-Russia relations, as rapidly became a practice. Fighting for having a few words on Chechnya included in the next EU-Russia summit statement and then being content with having achieved that, although the text agreed basically endorsed the Russian position<sup>1</sup> and ignored that of the EU, does not even provide a weak alibi.

An excessive focus on the EU-Russia summit statements should, however, be avoided. If the aim is really to influence Russia's policy, just moralising and having it put on the record that this has been done will not help much. First of all, the Council and the Commission need to improve their grasp of the conflict and its various repercussions, in particular how it influences the EU's and Russia's ability to reach various policy objectives. They will then have a better chance of convincing Russia that the costs of the current policy are greater than its benefits. In order to overcome the strong Russian resistance to engage in any discussion on Chechnya, proposals on formats which may be more acceptable to Russia - and at the same time more efficient - should be made. These proposals should be backed up by a certain linkage to other subjects, including to the co-operation on internal and external security, to which the Chechnya issue is in any case naturally closely related.

The EU should be more assertive, in particular as regards Chechnya, but also in relation to other subjects. It can afford to take a firmer stance on certain important issues.

The EU will clearly be in a better position to influence Russia if it finally manages to speak with one voice. At the recent EU-Russia summit in Rome, the disarray was worse than ever before. This may nevertheless have had the positive effect of making it clear to everybody that a fundamental change is necessary and urgent.

The coming months may become decisive for the development of the EU-Russia relationship in the medium term. The accession of eight Baltic and Central European countries will not only, as often noted, make Russia an even more important neighbour. It will also bring in

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<sup>&</sup>lt;sup>1</sup> In the Joint Statement adopted at the St Petersburg summit in May 2003, the conflict was put in the framework of the fight against terrorism and recognition was given to the political process, started by the Kremlin, which in practice hardly aimed at much more than the elevation of Mr Kadyrov to the post of President of the Chechen republic and the creation of an illusion that this happened in a democratic way. Whether any serious attempt to include a point on Chechnya in the statement of the Rome summit in November 2003 was ever made is doubtful.

countries with partly different perspectives and interests, countries which will no doubt assume important roles in discussions on the EU's Russia policy.

Far from seeking any break with the *strategic goals* of the EU's current Russia policy, the recommendations proposed in this report seek to help the EU to become more efficient in its pursuit of progress towards these goals, which appears to require some radical changes to the *methods* used. Although the initial Russian reaction, if the recommendations are acted upon, may be negative, there is little reason to believe that the recommendations would provoke disengagement. What is sought is instead re-engagement, at a time when the lack of momentum has become a very real problem in the partnership.

#### PROPOSAL FOR A RECOMMENDATION B5-0438/2003

pursuant to Rule 49(1) of the Rules of Procedure by Bastiaan Belder on behalf of the EDD group on EU-Russia relations

## The European Parliament,

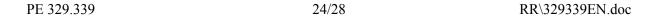
- having regard to the Partnership and Cooperation Agreement (PCA) between the European Union and Russia,
- having regard to the Common Strategy of the European Union on Russia, the period of application of which has been extended to 24 June 2004,
- having regard to the Commission's Country Strategy Paper and the TACIS National Indicative Programme for Russia,
- having regard to its earlier resolutions on the implementation of the Common Strategy, the Northern Dimension, Kaliningrad, Chechnya, Ukraine and South Caucasus,
- having regard to Rule 49(1) of the Rules of Procedure.
- A. whereas, owing to its size, resources, policies and ambitions, Russia plays a crucial role for security and stability in Europe,
- B. whereas Russia's importance as a direct neighbour of the EU will further increase as a result of the EU enlargement,
- C. whereas there is a high degree of complementarity between the EU's and Russia's interests as regards bilateral trade and economic cooperation and important shared interests exist also in many other areas, including in relation to various 'soft security' challenges.
- D. whereas the foundations of the EU's Russia policy, notably the PCA, the Common Strategy and the TACIS programme, were laid a number of years ago and must be reviewed, given the experience of their application which has now been gained and new developments, to which the EU should respond,
- E. whereas EU-Russia joint statements describe the bilateral relationship as a 'strategic partnership on the basis of common values', but various problems in relation to these concepts exist; whereas Parliament can make a useful contribution to the development of the relationship, inter alia by openly discussing these problems, and help to ensure that the





EU's Russia policy combines a high level of ambition with a sufficient dose of realism,

- F. whereas the EU and Russia have declared as a long-term objective the creation of a common economic area, a common area of freedom, security and justice, an area of cooperation in the field of external security and an area of research and education, including cultural aspects; whereas few questions on the actual meaning of this have yet received any answer and it also remains unclear to what extent the framework for EU-Russia relations and the Wider Europe policy framework should be brought in line with each other,
- G. whereas uncoordinated statements by leaders of Member States complicated negotiations with Russia on Kaliningrad transit and greater solidarity between Member States in certain contexts would improve the EU's ability to defend important values and interests,
- H. noting that Russia has not gone through a transition of the kind foreseen when the international community, including the EU, formulated its basic response to developments there a decade ago; convinced that if instead a 'managed democracy' is being consolidated, if economic reforms remain relatively slow at least as long as the extractive industries continue to prosper and if, in practice, pursuit of ever greater leverage on some neighbours is as important as the search for mutually beneficial co-operative solutions, the EU must fully take this into account,
- 1. Recommends that the Council replace the unrealistically broad principal objectives for the EU's Russia policy laid down in the Common Strategy with the following main objectives:
  - Ensuring good neighbourly relations, including by appropriate border management, cross-border cooperation and effective measures to address 'soft security' problems such as nuclear hazards, pollution, trans-border crime etc,
  - Exploiting the potential for increased trade, deeper economic relations and mutually beneficial cooperation in other areas,
  - Promoting human rights and democracy,
  - Co-operating in addressing 'frozen conflicts' in the South Caucasus, resolving the Transnistria issue and controlling the international trade in arms;
- 2. Notes that the narrow concept of technical assistance, which is the basis for the TACIS programme, reflects unrealistic expectations in relation to the transition process at the time of the inception of the programme; points out that the usefulness of TACIS as a support for the above policy objectives is also seriously limited by the burdensome and excessively time-consuming procedures associated with it; therefore calls for a new instrument to replace it when the regulation expires in 2006 and recommends that the Commission exploit all possibilities to use the TACIS programme more flexibly in the meantime;
- 3. Instructs its President to forward this recommendation to the Council and, for information, to the Commission



## OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY

for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

on a proposal for a European Parliament recommendation to the Council on EU-Russia relations (2003/2230(INI))

Draftswoman: Godelieve Quisthoudt-Rowohl

#### **PROCEDURE**

The Committee on Industry, External Trade, Research and Energy appointed Godelieve Quisthoudt-Rowohl draftswoman at its meeting of 4 November 2003.

It considered the draft opinion at its meetings of 1 December 2003 and 20 January 2004.

At the last meeting it adopted the following suggestions by 38 votes to 1, with 0 abstention.

The following were present for the vote: Luis Berenguer Fuster (chairman), Peter Michael Mombaur (vice-chairman and acting draftsman), Jaime Valdivielso de Cué (vice-chairman), María del Pilar Ayuso González (for Concepció Ferrer), Ward Beysen (for Marco Cappato), Guido Bodrato, Felipe Camisón Asensio (Dominique Vlasto), Gérard Caudron, Giles Bryan Chichester, Willy C.E.H. De Clercq, Francesco Fiori (for Umberto Scapagnini), Norbert Glante, Michel Hansenne, Malcolm Harbour (for Sir Robert Atkins), Roger Helmer (for Bashir Khanbhai), Hans Karlsson, Bernd Lange (for Mechtild Rothe), Werner Langen, Peter Liese (for Elizabeth Montfort), Rolf Linkohr, Caroline Lucas, Erika Mann, Hans-Peter Martin (for Imelda Mary Read), Marjo Matikainen-Kallström, Eryl Margaret McNally, Joaquim Miranda, Angelika Niebler, Reino Paasilinna, Paolo Pastorelli, Elly Plooij-van Gorsel, John Purvis, Bernhard Rapkay (for Gary Titley), Christian Foldberg Rovsing, Paul Rübig, Konrad K. Schwaiger, Esko Olavi Seppänen, W.G. van Velzen, Alejo Vidal-Quadras Roca and Myrsini Zorba.

#### **SUGGESTIONS**

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- having regard to cooperation hitherto between the EU and Russia,
- having regard to the application for membership of the WTO submitted by the Russian Federation in 1993,
- A. whereas ten years have passed since Russia's application for membership of the WTO and whereas essential progress has been made in the negotiations,
- B. whereas Russia must still be regarded as a managed democracy which the EU should support with all the resources afforded by cooperation and exchange of experts,

#### Foreign trade

- 1. Calls on the Commission to devote particular attention to the negotiations on the accession of Russia to the WTO, to support Russia in the process of drawing closer to the WTO and to back that country in word and deed; considers that investors and traders on both sides need a predictable, stable, non-discriminatory, rules-based system of business relations, which are of great common interest to both sides; points out that restructuring and development of services sectors, notably insurance, banking and other financial sectors is an important condition for sustainable economic growth in Russia and that there is a considerable potential for trade, investment and other forms of cooperation there;
- 2. Calls on the Commission to draw attention in particular to the need to develop legislation and thereby guarantee the key prerequisites for investment and trade in Russia;
- 3. Draws attention to the concept of the Common European Economic Space, to which the EU and Russia committed themselves at the EU-Russia Summit held in Rome at the beginning of November 2003 and which could further the integration of Russia's and the EU's economic and social structures;

## **Common European Economic Space**

- 4. Supports the Common European Economic Space as a long term process that has three major dimensions:
- (i) regulatory convergence aimed at the harmonisation of Russia's legal and economic systems, as well as its technical, corporate and financial standards with international and European practice;
- (ii) liberalisation of trade and investment, reciprocal opening of the markets and elimination of trade and investment barriers with the final perspective of establishing a Free Trade Area;
- (iii) integration of the EU and Russia's infrastructure systems in energy, transport,

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telecommunications and other relevant areas;

## Energy

- 5. Stresses that both sides should undertake the decisive and concerted actions in the following directions:
- (i) to work out a common blueprint for the development of energy markets, to reorganise natural monopolies and convergence of regulation systems, and to establish a joint consultative mechanism for exchange of information and coordination of new developments in the energy markets. Europe and Russia should also set the framework for a level playing field to enable direct investments in both regions;
- (ii) it is time to move the EU-Russia Energy Partnership to a new qualitative level as stressed in the Fourth Progress report on the Energy Dialogue tabled during the recent EU-Russia Summit. In this framework, issues of nuclear trade, security of demand and supply, energy conservation and advanced forms of cooperation in the energy sector should be tackled in a most practical way;
- 6. Supports the construction of the northern European gas pipeline which is to supply Russian natural gas to Central Europe and the United Kingdom, thereby enhancing security of supply in those countries;
- 7. Stresses the importance of the construction of the combined oil and gas pipeline planned for Baku-Tiflis-Ceyhan for supplies to that area and for the protection of the marine environment of the Black Sea and the Mediterranean that it will provide by making sea transport unnecessary; points out, however, that particular account must be taken of security and anti-terrorism measures in constructing the pipeline;
- 8. Points out that the flexible mechanisms of the Kyoto Protocol would allow Russia to combine measures to improve efficiency and modernisation with attaining the objectives of the Protocol in an economical way:
- 9. Calls, in connection with the transport of oil, on the Commission and the Member States to make efforts to ensure that single-hull tankers sailing from Russian ports no longer operate in the Baltic Sea or other particularly sensitive waters such as the Caspian Sea or the Black Sea, and to further tighten the amendment to the MARPOL Convention adopted in December providing for a transitional period up to 2010, for example by means of a request by the Member States to the IMO to declare the Baltic Sea, the Caspian Sea and the Black Sea particularly sensitive areas;
- 10. Points out that the interdependence of the EU and Russia in the energy sector is growing strongly and maintains that technical and legal solutions satisfactory to both sides must quickly be found in order to deal with future challenges in the sector;

#### Industry, research and development

11. Calls on the Russian government to provide for the timely implementation of scheduled programmes of law development, including the harmonisation of existing product conformity rules and certification procedures with international standards;

- 12. Calls on the European Investment Bank to allocate more funding to small and mediumsized businesses in Russia in order to promote the restructuring of the country and consolidate the new democratic structures;
- 13. Stresses that the main common priority for ICT industry today is to accelerate the process of 'Content Meeting Telecom' with major emphasis on content rich, interactive multimedia services and broadband capabilities. Active education campaigns and high-level support are required to encourage and widen the dialogue between all stakeholders in the dynamic development in the ICT industry;
- 14. Stresses the importance of exchange and cooperation in the fields of research and the economy; calls on the Commission to provide its support, particularly in relation to exchanges of students and researchers;
- 15. Stresses the high quality of space research undertaken by strategic partners, including Russia, and the importance therefore of cooperating with Russia in that field, in order to enable both parties to benefit;
- 16. Stresses the common interest in working on a common standard for third generation (3G) mobile communications;
- 17. Points out that Russia's participation in the EU's sixth research framework programme represents an important contribution to future relations and that consideration should also be given to an appropriate share in the financing;

#### EU enlargement

18. Calls on all parties to draw particular attention to the significant economic effects of EU enlargement on EU-Russia relations.

