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“I” ITEM NOTE

from: Working Party on Eastern Europe and Central Asia
dated: 28 November 2011
to: Permanent Representatives' Committee

Subject: Relations with Russia:
– Key outstanding issues for the EU in its relations with Russia

Delegations will find attached the key outstanding issues for the EU in its relations with Russia, as agreed by the Working Party on Eastern Europe and Central Asia.

The Permanent Representatives' Committee is invited to take note of this document in view of the upcoming EU-Russia Summit in Brussels on 14-15 December 2011.

KEY OUTSTANDING ISSUES FOR THE EU IN ITS RELATIONS WITH RUSSIA

This document gives an overview of key outstanding issues in EU-Russia relations on which the EU seeks progress from the Russian side. It is produced at regular intervals as a follow-up to the assessment report on relations with Russia adopted by the GAERC in February 2004.

The document serves as an internal reference document. It does not prejudge the further evolution of these issues, the relevant EU objective or the line to take. Further, it does not exclude that other issues may be added at a later stage.

A number of additional issues have been included to reflect subjects which are of mutual interest or on which Russia seeks progress.

I-GENERAL ISSUES

Political dialogue

The issue: Large number of meetings. Russian proposals for new formats of cooperation.

EU objective: **DELETED**

Line to take: **DELETED**

PCA institutions

The issue: Russia has refused to agree to meetings of the Cooperation Committee since 2004, citing internal coordination problems. In addition, for several years now, it has not proved possible to convene most PCA sub-committees.

EU objective: **DELETED**

Line to take: **DELETED**

Kaliningrad region

The issue: Russia has proposed further facilitation of travel of persons from Kaliningrad in addition to what is provided in the transit regime and the Visa Facilitation Agreement.

EU objective: **DELETED**

Line to take: **DELETED**

NB

Work in the context of the Partnership for Modernisation should contribute to making progress in solving outstanding issues.

II-COMMON ECONOMIC SPACE

Russia's WTO accession is key to develop further EU-Russia trade relations. WTO accession would bring immediate benefits in terms of lower import duties, as Russia has committed to removing its "anti-crisis" duties on accession. Further tariff liberalisation would follow after accession in accordance with the schedules that Russia has agreed to. Russia would also be obliged to fulfil upon its accession all the bilateral WTO commitments that were negotiated previously, which would enable the resolution of many current non-tariff barriers. The EU therefore is a strong supporter of Russia's WTO membership.

The creation of the Customs Union between Russia, Kazakhstan and Belarus has implications for bilateral trade and economic relations as a whole, including the resolution of a number of outstanding issues, the negotiations on the New Agreement to replace the PCA and the prospects of further bilateral economic integration. The EU actively engages with Russia to clarify in full the impact of the Customs Union on its trade regime and on its future trade related commitments and obligations in the WTO and New Agreement contexts.

Siberian Overflights/ aviation issues

The issue: In November 2006, the Commission and the Russian Government initialled an agreement on the abolition of Siberian overflight payments to put an end to a practice which costs EU industry about €330m a year, mostly to the benefits of a single operator and competitor, Aeroflot. The agreement was adopted by the EU Transport Council in May 2007. In November 2007, the EU was informed that the Russian government had approved the agreement, but that signature could not take place until after negotiations on Russia's WTO accession are completed. The trade negotiators for the EU and Russia agreed that the 2006 agreement must be signed before the WTO accession Working Party for Russia concludes its work. This milestone was achieved on 11 November 2011 and in parallel, the Russian Minister Nabiullina sent a letter to Commissioner De Gucht confirming the entry into force of the agreed principles on the first of the month following the decision of the WTO General Council on Russia's WTO accession.

Until recently, Russia opposed the insertion of an EU designation clause in bilateral aviation agreements with EU Member States to ensure equal treatment of all EU carriers. This position has changed and Russia accepted EU designation for the first time in its bilateral agreement with Finland. It is expected that the other bilateral agreements with other EU Member States will be adapted accordingly.

EU objective: **DELETED**

Line to take: **DELETED**

Discriminatory railway tariffs

The issue: The Russian system of tariffs for rail freight transport discriminates between domestic and international destinations, as well as between different international destinations for domestic freight and freight in transit. This affects economic operators both in the EU and Russia. The existence of more favourable fees when freight is bound for Russian ports has favoured the use of Russian ports to the detriment of those located in the EU. In 2004 Russia started to gradually harmonise its tariffs for a number of goods. However, the process has been stalled during the economic crisis. In the framework of Russia's WTO accession negotiations, Russia has undertaken a commitment to harmonise import and export tariffs with tariffs applied for domestic transportation by mid-2013. It also committed to abide by the transit provisions of Article V GATT as far as tariffs in relation to goods in transit were concerned and took an obligation to inform the WTO Members about such tariff prior to their application. These commitments will be legally binding on Russia upon its WTO membership.

EU objective: **DELETED**

Line to take: **DELETED**

Discriminatory road charges

The issue: Russia began to implement a new road user charge scheme on trucks on 1 February 2009. The scheme is discriminatory as the charges apply only to vehicles registered in certain EU countries, in Switzerland and Turkmenistan. Under the EU-Russia PCA (article 11), such discriminatory charges are not allowed.

EU objective: **DELETED**

Line to take: **DELETED**

Export duties/restrictions for raw materials (including wood)

The issue: In the field of raw materials¹ two issues can be identified: (1) the elimination of export restrictions on raw materials which Russia uses as an instrument in its trade policy and (2) Russia as an important producer and major consumer of raw materials. In an inter-dependent world both the EU and Russia would benefit from improving fair and sustainable supply of raw materials through better cooperation, including investment.

Russia uses export duties as an instrument in its trade policy. Currently a range of products are affected by export duties, most notably wood, scrap metal, leather and other raw materials. Russia has an export tax on non-ferrous scrap metal, generally varying between 30%-50%, depending on the scrap, with a minimum charge of between €180-€720/tonne. Export duties on ferrous scrap are reaching 15%. Russia has been increasing its export duties on coniferous wood gradually since 2007 (Government Resolution 75) which for many products (of precious wood) is as high as €100/m³. In December 2008, Russia postponed further increases until 1 January 2010, while simultaneously reintroducing export duties on some semi-processed wood products and increasing duties on some precious wood groups. This moratorium has been prolonged twice postponing a further rise in export duty on wood until 2012.

¹ Raw materials are defined as primary raw materials (such as products from the extractives industries or wood) and secondary raw materials (such as scrap), either unprocessed or not fully processed, with the exception of energy (oil and gas).

In December 2010, the EU and Russia have finalised their bilateral negotiations on the bound export duty levels for wood products in Russia's WTO accession bid. These commitments will guarantee a reduced level of export duties on main wood commodities imported by the EU from Russia upon its WTO accession. The EU was insisting, as a minimum, on the *status quo* on the current applied export duties across the board and asked for a possible gradual roll-back of duty increases already prior to the accession, to which the Russian Federation could not commit but promised to act in a spirit of cooperation and consultation.

However, the existing duty levels, and the lack of certainty when the duties would be reduced have seriously affected the export of round wood from Russia to the EU. The latter has pressed for a long-term deal. This was reached in principle in December 2010 but remains to be endorsed. One novel issue is that a tariff-rate quota for coniferous wood would have to be managed by the Commission and Member States.

Russia has raised the issue that from 2013, all Russian wood exports will be subject to the EU TR ("timber regulation", 995/2010), which bans illegal wood from the EU market and requires due diligence and traceability as to the origin of all marketed wood and derived products.

Furthermore, Russia has high export taxes on oil and gas products which is an area where Russia practices dual pricing. This makes energy artificially cheap for the domestic processing industry, causing an unfair advantage to Russian producers in the energy intensive sectors (metal, fertilizer, chemical production) as their costs are unfairly low. This has led to energy intensive products being potentially dumped for exports.

Russia has recently increased its export duties on nickel (from 5% to 10%) and copper (from 0% to 10%) at the end of 2010. Russia being a major supplier of the EU (50% for nickel and 30% for copper) this has a negative impact on the EU users.

The EU has been engaged since 23 February 2011 in consultation with Russia concerning the Russian project of restricting scrap (ferrous and non-ferrous) trade in the port of St-Petersburg. The current project of closing the port of St-Petersburg for scrap would mean that almost 1 million tons of ferrous scrap exported to the EU would be affected. Until now Russia has not presented any satisfactory solution to insure that this trade flow to the EU will not be affected.

EU objective: **DELETED**

Line to take: **DELETED**

Sanitary and phytosanitary issues

The issue: In a number of cases, Russian/Customs Union SPS measures are non transparent, discriminatory, disproportionate and not in line with international standards and norms. These measures appear to constitute disguised trade restrictions aimed at protecting Russian domestic production from foreign imports.

EU objective: **DELETED**

Line to take: **DELETED**

DELETED

Protection and enforcement of Intellectual Property Rights

The issue: The level of protection of IPR in Russia does not meet the standards required by the PCA and the TRIPs Agreement. During negotiations on WTO accession, Russia confirmed its intention to apply the WTO TRIPs Agreement as from the date of accession. Under the current PCA, Article 54 and Annex 10, Russia committed itself to improve the protection of IPR in order to provide a level of protection similar to that existing in the EU.

EU objective: **DELETED**

Line to take: **DELETED**

Deteriorating investment climate

The issue: Russian actions including the introduction of Federal Law #57 'On procedure for foreign investments in business entities bearing strategic importance for national defence and security'; changes to the Subsoil Law; the localisation initiative imposing arbitrary local content requirements for certain investors (cars, possibly pharmaceuticals); and Russia's renunciation of the Energy Charter Treaty with its emphasis on protecting investments have increased uncertainty and reduced business confidence and the attractiveness of Russia as an investment destination, most notably (but not only) in the oil and gas sector. Corruption continues to be widespread.

EU objective: **DELETED**

Line to take: **DELETED**

Work permits/long term visas and registration requirements

The issue: EU business in Russia faces many bureaucratic hurdles related to obtaining work permits and visas, and registration requirements, which make it difficult for their expatriate workforce to live and do business in Russia. Russia has recently adopted several legislative amendments to the law on admission of foreign nationals which simplifies many procedures for highly skilled workers (special scheme of admission) and foreigners residing in Russia. However, the persons who do not fall under the highly skilled workers scheme need to follow the "old" rules which, although patchily applied, are still rather restrictive (e.g. limitation of business trips up to 10 days per year). In addition, new draft legislation on secondment and out-staffing (the "contingent labour" law) could potentially unpick the recent positive changes by again making it more difficult for EU businesses to manage their human resources. It would de facto ban not only the operation of all temporary work agencies, but also outlaw any secondment – a crucial issue for EU companies since a large proportion of the highly-skilled European professionals they employ in Russia are seconded, i.e. continue to be attached to their head office in the EU.

EU objective: **DELETED**

Line to take: **DELETED**

DELETED

Import tariff increases

The issue: The "temporary" anti-crisis measures that Russia adopted since 2008 and that already had a negative impact on EU exports (notably tariff increases on cars, harvesters, steel products and a range of agricultural products) were consolidated in the Common External Tariff of the Russia-Kazakhstan-Belarus Customs Union since 1 January 2010, and thereby extended to all three countries. This situation has led to worsening trade conditions for the EU operators and represented a move in the opposite direction to Russia's WTO accession commitments on tariffs. Despite the initial promise that an internal government review of Russia's anti-crisis measures would be undertaken, there is still no indication that imminent changes are planned. Indeed, in 2011 additional import tariffs have been imposed.

Contrary to its obligations, Russia did not agree to hold consultations with the EU under Article 16 of the PCA, before increasing the tariffs nor take into account EU concerns about the impact of the increases on trade and investment. Moreover, Russia has not even formally notified the EU of the introduction of the Common External Tariff of the Customs Union.

EU objective: **DELETED**

Line to take: **DELETED**

Russian investment measures

The issue: Russia has adopted measures to attract foreign investors in the car sector which are incompatible with the WTO Trade-Related Investment Measures ("TRIMs") Agreement. Russian policy in this sector openly aims at stimulating foreign manufacturers to localise their production and their R&D in Russia as much as possible. First, in 2005 the Russian government adopted Decree No. 166, whereby

car producers investing in production plants in Russia and meeting a certain local content level could benefit from reduced or zero import tariffs for car parts. A new Decree was published on 4 February 2011, which amends Decree 166 fundamentally by introducing stricter conditions for the car industrial assembly scheme and runs until 2020. Under this decree there is a more stringent obligation to meet local content requirements (the level of local content required is increased from 30% to 60%). All these criteria will have a significant impact on the EU automotive industry (including on employment) by affecting the competitiveness of EU car exporters or car producers having invested in Russia but not enjoying the new investment conditions. Components manufacturers would be especially affected as considerable capacity would have to be moved to Russia to meet the requirements of the new investment regime. Practically all Member States have components production capacities. An agreement was reached between the EU and Russia in the context of WTO accession negotiations. Even if a safeguard mechanism has been put in place for car components, a 6 year exemption from TRIMs (until 1 July 2018 for the automotive sector for a limited list of contracts with companies already signed) is unprecedented for WTO accession.

EU objective: **DELETED**

Line to take: **DELETED**

Climate change

The issue:

Russia is one of the priority countries for the EU on climate change, which remains an issue of only moderate interest in Russia, though there are some signs that this is changing, particularly regarding measures to combat climate change which coincide with Russia's economic and modernisation goals. Domestic targets to improve energy efficiency and to increase the share of renewables, as well as improvements in forest management offer the prospect of low carbon economic development. The Russian Security Council in March 2010 acknowledged global warming as a threat to national security, especially in the Far North. President Medvedev issued instructions for implementation measures within the framework of the Climate Doctrine, including incentives for environmental modernisation of industry, to approve a hydrometeorology strategy up to 2030, to assess the impact of permafrost thawing, and to consider the creation of a 'multipurpose space system Arctic'.

The Russian GHG reduction target range is 15-25%. The target has preconditions: Russian forests and their contribution as GHG sinks have to be recognised, and all major emitters have to take legally binding reduction obligations. This is far from being sufficient. Due to Russia's location as a

neighbour of the EU, its climate policies have a direct impact on the EU. In the light of current and possible future climate-related EU commitments, there is a risk of carbon leakage and competition distortion in the trade of energy and goods, which can also have detrimental effects on energy security, in particular for electricity.

Russia's GHG emissions remain about 30% below 1990 levels. Because Russia's emissions are well below reduction targets as foreseen for the first commitment period, Russia is at present the biggest owner of Assigned Amount Units ("AAUs") surplus. This has arisen because of a combination of factors, including the domestic economic contraction and the weak emission reductions target for Russia under Kyoto.

Domestic targets to improve energy efficiency and to increase the share of renewables can reduce Russia's carbon emissions even further.

In October 2011, the Russian Government announced it is preparing a law, prohibiting Russian air carriers to adhere to the European Directive on emissions trading scheme (ETS).

EU objective: **DELETED**

Line to take: **DELETED**

DELETED

Black Sea Convention and transboundary River Basin agreements

The issue: The EU is seeking to become a Party to the Convention on the Protection of the Black Sea against Pollution and Transboundary River Basin Agreements for the Neman and Western Dvina. There appears to be a pattern of Russian reluctance to admit the EU into further regional environmental agreements.

EU objective: **DELETED**

Line to take: **DELETED**

The Arctic

The issue: Russia is one of the eight Arctic States, so a member of the Arctic Council. In The Arctic Council, there are also permanent participants defined as indigenous peoples' organisations, subject to certain conditions. Permanent observers can be non- Arctic States, global or regional inter-governmental and inter-parliamentary organisations and non-governmental organisations. Denmark, Finland and Sweden are members of the Arctic Council and another six EU Member States are Permanent Observers to the Arctic Council. The European Commission applied for permanent observer status in 2008 and there are four other open applications but the Arctic Council deferred decisions on these to 2013. They will be assessed according to new rules adopted at the Arctic Council Ministerial in May 2011. Unanimity of Council States is required. However, Russia has expressed some reservation with EC's application.

A further issue is the potential exploitation of the Northern Sea Route across Siberia to Asia.

EU objective: **DELETED**

Line to take: **DELETED**

DELETED

Transboundary environmental Impact assessments (EIAs)

The issue: Russia signed the UNECE (Espoo) Convention in 1991 but hitherto has not ratified it. Where projects have transboundary effects, it has in some cases voluntarily carried out environmental impact assessments 'in conformity with the provisions of Espoo' (e.g. on the Nord Stream pipeline). Also it 'embodies the principles' of Espoo in bilateral frameworks. However, Russia's policy has been ad hoc and non transparent. While in the case of the planned Kaliningrad Nuclear Power Plant Russia has confirmed Rosatom's willingness to apply Espoo, this commitment still needs to be fully implemented. Russia has as yet to apply Espoo for the Sosnovyj Bor nuclear installations planned and under construction, as well as for new harbour capacities in the Gulf of Finland.

Russia recently announced its intention to ratify the Espoo Convention and a final decision will be taken early in 2012 when internal consultations are completed.

We have repeatedly pressed Russia to ratify Espoo and offered help with any practical obstacles. This is in line with the Partnership & Cooperation Agreement which includes a commitment to comply with the Espoo Convention. As an action under the EU-Russia Partnership for Modernisation Russia has agreed to 'develop unified standards for environmental impact assessments of transboundary projects'.

In a positive move, Russia recently signalled its intention to ratify the Espoo Convention. In an optimistic scenario, that ratification might occur in early 2012.

EU objective: **DELETED**

Line to take: **DELETED**

Legal framework of the EU Russia energy relations

The issue: Russia and the EU need to ensure predictability and to create a stronger legal framework in EU-Russia energy relations. Russian accession to WTO and substantial energy-related provisions in the New Agreement would give a broad framework for investment protection, transit and trade of energy products and predictability for our relations. At multilateral level, Russia remains outside the plurilateral framework provided by the Energy Charter Treaty.

EU objective: **DELETED**

Line to take: **DELETED**

Energy markets in Russia and the EU

The issue: The lack of opening of parts of the Russian energy market, notably in the gas sector, and cumbersome investment conditions restrain necessary investments in the Russian energy sector, which is of key importance to the EU's security of supply. Within the EU, the compliance by Russia and Russian companies with the EU's internal energy market rules (Third Package) needs to be ensured.

In electricity, a temporary regime to operate the grids in the Baltic States needs to be negotiated in order to enable Baltic States' full implementation of the Third Package on their territory. The regime would apply as long as the Baltic States networks are synchronously connected with IPS/UPS.

EU Objective **DELETED**

DELETED

Line to take: **DELETED**

Security of energy supply and energy infrastructure

The issue: Regarding oil and gas supplies from Russia, the maintenance of the existing infrastructure, including in transit countries is of key importance. For oil, this concerns the Druzhba pipeline, for gas the transit infrastructure notably through Ukraine.

On 12 September 2011, the European Union adopted negotiating directives for the Commission to negotiate a legally binding treaty between the EU, Azerbaijan and Turkmenistan to build a Trans-Caspian Pipeline System. The Russian President and the Ministry of Foreign Affairs have strongly criticised this step, raising legal and environmental concerns.

EU Objective: **DELETED**

Line to take: **DELETED**

DELETED

Nuclear safety

The issue:

The EU has requested that Russia's first generation nuclear reactors (RMBK, VVER 440/230) be closed as they cannot be upgraded to internationally-recognised safety levels at reasonable cost. In light of the recent events in Japan following the earthquake and tsunami catastrophe, this closure becomes even more urgent. However, and despite the Euratom/Russia cooperation agreement on nuclear safety and substantial technical assistance, Russia has prolonged the lifetime of some of its first generation nuclear reactors, some of which are of the Chernobyl type and are close to the EU's border. Russia has no interest in the EU/Russia joint working group on nuclear safety, which last met in 2002.

Cooperation with Russia under the Instrument for Nuclear Safety Cooperation (INSC) has been halted due to the unwillingness of Russia to accept the cooperation as defined in the legal basis of the Instrument. In addition, the implementation of a comprehensive radioactive waste management strategy in Russia, as defined in the frame of prior cooperation with the EU, appears to have been seriously delayed. Discussions to define a new format of cooperation between Russia and the EU under the INSC programme have started with the Russian Nuclear operator (Rosenergoatom) and Rosatom in 2010. No tangible results have been achieved so far.

Russia plans to build nuclear power plants close to the EU border. Russia is bound by the Convention on Nuclear Safety but has not yet ratified the Espoo Convention on environmental impact assessment in a transboundary context. Rosatom has undertaken to perform an assessment for the Kaliningrad Nuclear Power Plant but this process is not yet completed.

Following the Fukushima accidents and the European Council decision to submit the EU nuclear power plants to safety assessment tests (stress tests) Russia indicated that it will also perform such safety assessment tests in its territory. However, it now appears that Russia will participate in the EU stress test process only in a limited way, although it plans to publish a national report.

EU objective:

DELETED

DELETED

Line to take: **DELETED**

Spent nuclear fuel and radioactive waste in NW Russia

The issue: It is important to manage nuclear safety throughout the whole process. Nuclear waste in NW Russia is an issue of particular concern. A large number of nuclear submarines from the Northern Fleet have been taken out of service. Nuclear

reactors and spent fuel elements coming from dismantled submarines and icebreakers are often stored in poor conditions and need to be managed according to the highest nuclear safety standards. The EU and its Member States have contributed around €144 million for nuclear waste management within the Northern Dimension Environmental Partnership Fund (NDEP), and the Member States and other international donors have implemented projects under bilateral cooperation. Russia is also contributing financially and project selection is conducted on the basis of a joint strategic management plan. Russia has recently signalled its intention to remove all spent nuclear fuel from NW Russia by 2020. Dismantling of decommissioned submarines is far advanced, with more than 90 % of submarines dismantled at this stage. The latest developments include that the Assembly of Donors has approved a change of the grant agreement which will allow for a change of scope of the Lepse Project, the grounding of the Lepse ship and its dismantlement. There have been no significant changes regarding the decommissioning and dismantlement of Papa Class submarines. Nevertheless, progress in safer storage has been slow up to now and will require a continued effort in the near future. As a member the IAEA and a contracting party to the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (1997) Russia has expressed willingness to reduce the levels of radioactive waste from civil nuclear sites. While this commitment is not legally binding it is significant.

EU objective: **DELETED**

Line to take: **DELETED**

Border congestion

The issue: Long queues of lorries form regularly at crossing points on the EU-Russian border in FI, EE, LT and LV in the direction of Russia. This constrains trade, causes pollution and negatively impacts local communities. The reasons are mainly related to inefficient customs and border procedures on the Russian side that create an obstacle to trade and can encourage fraud. Similarly, the infrastructure on the border is not properly developed. Achieving a maximum of trade facilitation whilst developing risk management systems is one of the main goals of the EU-Russian Strategic Framework for Customs Cooperation adopted in December 2010. The Framework aims to recast EU-Russian customs cooperation, until now based on the strategy jointly established in 2007 in order to find a

solution to congestion. It is built on the basis of three broad priorities: 1) safe and fluid trade lanes, 2) risk management and fight against fraud and 3) investment in customs modernisation. However, the practical implementation of the Framework is lagging behind due to the insufficient action on the Russian side. Amongst additional causes for concern are the constant revision of customs legislation in the framework of the Customs Union, the ongoing transfer of customs clearance to the border regions and the recently adopted (although still not implemented) regulations limiting the number of border crossing points available for imports of certain goods into Russia. The ongoing pilot project on exchanges of advance customs information has not led to the desired results in terms of trade facilitation. Russia has also proved reluctant to carry out the jointly agreed projects for the evaluation of the strategy.

EU objective: **DELETED**

Line to take: **DELETED**

III-COMMON SPACE OF FREEDOM, SECURITY AND JUSTICE

Readmission

The issue: Effective implementation of the EC-Russia Readmission Agreement (entered into force on 1 June 2007), including the conclusion of the pending bilateral implementation protocols and the proper application of the third country nationals clause which has become fully applicable on 1 June 2010.

EU objective/
Line to take:

DELETED

Visa facilitation

The issue: Effective implementation of the EU-Russia Visa Facilitation Agreement. The Agreement is currently being renegotiated in order to align it with recent changes in EU legislation on visas (in particular new rules on the use of external service providers and the charging of additional service fees) and to clarify certain provisions. Russia has also proposed to modify certain provisions of the Agreement in order to introduce additional reciprocal facilitations. The mandate to launch the relevant negotiations with Russia was adopted on 11/12 April by the JHA Council. Efforts are being made to conclude the negotiations as soon as possible.

Russia promised at the end of October 2011 to postpone practical application of a Federal Security Service (FSB) Regulation until after Visa Facilitation Agreement (VFA) has come into force. The FSB Regulation imposes stricter rules on visa requirements for civilian air crew members flying from the EU MS to Russia.

EU objective/
line to take:

DELETED

Visa dialogue

The issue: The EU and Russia pursue a common goal towards visa free short-term travel of their citizens in line with the agreed methodology as laid down in Council document 7973/11. Russia has repeatedly signalled that it seeks to move more swiftly to the introduction of a mutual visa-free travel regime. At the November 2010 PPC it was agreed to "launch the work to elaborate jointly an exhaustive list of common steps the implementation of which will open possibility for engaging in negotiations on a EU – Russia visa waiver agreement." The work on the list started in April 2011. The last PPC held on 10-11 October 2011 in Warsaw welcomed the finalisation by the Senior Officials of the text of the list of Common Steps towards visa free short term travel for Russian and EU citizens. The remaining open point is Russia's insistence that the implementation of the Common Steps will be followed automatically by the negotiation of a visa waiver agreement.

EU objective/

Line to take: **DELETED**

Border agreements

The issue: Russia has refused to ratify the border treaty with Estonia. Border agreements with Latvia and Lithuania have been ratified but the borders are not yet properly demarcated.

EU objective/

Line to take: **DELETED**

Democracy, Human Rights and Rule of Law

The issue: There has been little improvement of the human rights situation in Russia. There are reports of violence by law enforcement personnel and insurgents in the North Caucasus, no progress towards greater media pluralism, difficulties to hold public demonstrations, widespread torture and ill-treatment in places of detention and the armed forces, increased racism and racist crimes, xenophobia, religious intolerance and widespread homophobia, discrimination on the grounds of sexual orientation and the treatment of persons belonging to certain minorities. The situation of the rule of law in Russia is of special concern. Human rights defenders and independent journalists continue to operate in a largely hostile environment with a number of prominent human rights defenders having been assassinated and lack of progress of the investigations into killings. Russia tends to politicise the situation of persons belonging to Russian-speaking minorities and other human rights issues in the EU. Russia fails to fully implement and comply with judgments of the European Court of Human Rights. Russia is the only CoE member state yet to ratify Protocol 6 of the European Convention on Human Rights on abolition of the death penalty, even if a moratorium is in place.

EU objective: **DELETED**

DELETED

Line to take: **DELETED**

North Caucasus

The issue: Conflict has not been brought to an end in this region and violent confrontation between insurgents and security services, the victims of which include ordinary citizens, continue to threaten order and stability. Violence appears to be on an upward trend in Dagestan and Kabardino-Balkaria.

There are continuing widespread reports of human rights abuses and reprisals against civilians. The ICRC is still not able to visit conflict-related detainees as the concerned authorities did not respect the conditions of private interviews and access to and follow-up of all detainees. IDPs from Ingushetia who have returned to Chechnya often face secondary displacement and live in sub-standard conditions due to the extent of destruction. While there is a very significant reconstruction process taking place in Chechnya, true stabilisation across the wider region is prevented inter alia, by a climate of fear and impunity of human rights abusers, poor socio-economic conditions and endemic corruption.

EU objective: **DELETED**

Line to take: **DELETED**

The fight against terrorism

The issue: The EU and Russia should explore possibilities for cooperation with regard to fighting against terrorism. EU should underline the need to ensure full respect for the rule of law, international law, in particular the UN Charter and relevant UNSC Resolutions, human rights law, refugee law and international humanitarian law, and the importance of global cooperation via the existing international organisations and fora.

EU objective/

Line to take: **DELETED**

DELETED

Personal data protection-cooperation agreements with Europol and Eurojust

The issue: Pending ratification and effective implementation by Russia of the 1981 Council of Europe Convention on Personal Data Protection and the 2001 Additional Protocol. The application of adequate standards of data protection and independent supervision of the application of these standards is a precondition for a Eurojust-Russia cooperation agreement and Europol-Russia agreement on operational cooperation. Negotiations between Eurojust and Russia as well as between Europol and Russia are ongoing with data protection issues presenting the major stumbling blocks. Russia adopted the amended the law "On personal data" in July 2011.

EU objective/

Line to take: **DELETED**

Cooperation in criminal and civil matters

The issue: Member States have been confronted with obstacles in practical cooperation between the judicial authorities in the fields of criminal and civil law. This is also due to the lack of ratification by Russia of several important Hague Conventions that provide for the judicial cooperation in, e.g. parental responsibility cases.

EU objective/

Line to take: **DELETED**

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V-COMMON SPACE OF RESEARCH AND EDUCATION, INCLUDING CULTURAL ASPECTS

The UNESCO Convention on the protection and promotion of diversity of cultural expressions and European standards on media regulation

The issue: Russia has yet to ratify the 2005 UNESCO Convention on the protection and promotion of the diversity of cultural expressions. This Convention, ratified by the European Union and 117 countries+1 so far, establishes a set of fundamental

principles which are key to safeguard cultural diversity and promote cultural cooperation worldwide. As regards audiovisual services it would be desirable that Russia adopts European standards on media regulation.

EU objective: **DELETED**

Line to take: **DELETED**

Culture

The issue: Bilateral Cultural Centres Agreements ensure that Member States' cultural organisations can operate in Russia and offer a mechanism to develop an enhanced Russian cultural presence in the EU. Various Member States have been frustrated in their attempts to encourage Russia to finalise or implement agreements, sometimes for several years while others, which have a comprehensive framework for intensive cultural exchange with Russia and consider additional agreements on cultural centres not instrumental for their cultural co-operation, are urged by the Russian side to sign such documents.

EU objective: **DELETED**

Line to take: **DELETED**