



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from:	General Secretariat of the Council
to:	Delegations
Subject:	European Parliament plenary meeting of 13 December 2012 New EU-Russia agreement

The rapporteur, Mr. SWOBODA (S&D) introduced his report containing the European Parliament's recommendations to the Council, the Commission and the European External Action Service on the negotiations of the new EU-Russia Agreement

He said that his first intention was to prepare a pragmatic report but that developments had required a more critical approach. He quoted irregularities with elections, laws impeding NGOs from functioning, the "Pussy Riot" and Magnitsky cases and the ban on homosexual propaganda as evidence that the democratic and human rights situation in Russia was deteriorating. Russia also criticised the EU for certain alleged breaches but the difference was that criticism was also possible inside the EU.

Mr. SWOBODA also referred to non compliance with WTO rules and the unhelpful position on Syria as reasons for a pragmatic but strict approach that would need to serve the interests of citizens.

On behalf of the High Representative, Commissioner MALMSTROM gave the speech in Annex 1.

The rapporteur of INTA's opinion, Ms. VAIDERERE (EPP), reminded the plenary that a strategic partnership required a common understanding of shared values which was not the case with Russia. She mentioned that in spite of its recent WTO membership, Russia was continuing to impose economic sanctions, that the services chapter in the new agreement needed a solid dispute settlement mechanism, that the energy issue should be clarified and that visa liberalisation was important but disproportionate since more Russians were visiting the EU then vice versa.

For the EPP, Ms. OOMEN -RUIJTEN, said she fully supported the report and agreed that Russia was becoming a less reliable neighbour. She considered that whereas negotiations on visas and energy were in Russia's interest, little was offered in return.

For S&D, Mr. FLECKENSTEIN hoped that Russia's WTO Membership would clarify some trade issues. Since a real partnership required more than declarations and summits, he advocated to step up efforts on visa liberalisation since this was in the interest of improving the relationship between the two societies.

Ms. OJULAND said for ALDE that the high expectations of five years ago were disappearing and that the respect for human rights and democracy was fading. The EU's good intentions were often misinterpreted, but the EU should continue to assist Russia with its modernisation and democratisation process.

For the Greens, Mr. SCHULZ acknowledged the importance of trade but regretted that Russia did not seem keen on democracy, and referred to the cases mentioned earlier.

Speaking for ECR, Mr. MIGALSKI said that a partnership could not only be about money and business deals but that EU values needed to be respected.

Mr. SCHOLZ for GUE called for continuous dialogue even on themes on which different visions were being developed. He said that reluctance on visa facilitation was contrary to the aim of assisting civil society.

In the subsequent debate, interventions of Members such as Mr. BROK (EPP), PROTASIEWICZ (EPP) and Mr. TANNOCK (ECR) brought up similar concerns linked to the respect for human rights, democracy building, the rule of law, visa liberalisation, WTO compliance, Syria, frozen conflicts and the introduction of Magnitsky sanctions (Mr. ZALA S&D). Some Members spoke about the importance of energy supply and Mr. SZYMANSKI (ECR) called on the Commission to be careful not to create a third country monopoly on the EU market.

Commissioner MALMSTROM reassured the plenary that the Commission shared the same concerns. She said that negotiations on visa facilitation were based on a step by step approach including conditions on the fight against corruption, respect for human rights etc. Slow progress was being made but she hoped to be able to upgrade the dialogue shortly. As regards the Magnitsky case, this issue was raised with the Russian Minister of Justice, and the President of the European Council had also called for an investigation. Ms. MALMSTROM concluded that considering Russia's history and perception, some strategic patience on the EU side may be needed albeit without giving in on common values and norms to which Russia had subscribed through its membership of the Council of Europe and OSCE.

In his closing remarks the rapporteur said that Russian citizens should not be punished and stressed the need for visa facilitation for example to allow students to move more easily. The EU should however take a firm line in future to help curb the ongoing deterioration. He also considered that Russia's strength on energy was rather the result of the EU's weakness in this area.

The report was adopted the next day with 530 votes in favour, 33 votes against and 39 abstentions.

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Statement by Commissioner MALMSTROM
(on behalf of the High Representative)

Mr President,

Honourable Members,

Let me first of all congratulate the Rapporteur, Mr Swoboda and the European Parliament for a very substantive and timely report, which highlights the main issues at stake in the EU's complex relations with Russia at this point in time. While focusing on the negotiations on a New Agreement, the report also looks into the wider context and the best ways to promote EU interests and European values, in particular with regard to rule of law and human rights. - Russia as a member of the Council of Europe and the OSCE has also subscribed to those principles. As we discussed earlier, Human rights are a priority for the EU and a silver thread that runs through our policies and agreements. .

I am pleased to note that the Parliament fully supports the negotiation of a comprehensive, forward looking and legally binding New Agreement, which would allow for further development of relations with Russia in upcoming years. The recommendations in the report are well in line with the EU's negotiating position, and I can only welcome this strong endorsement by the EP

By way of introduction I would like to recall that We agreed in 2008 to put our relations on the solid basis of an updated and upgraded New Agreement. The Partnership and Cooperation Agreement (PCA) from 1997 had served its purpose well as a bilateral framework for developing EU-Russia relations over a number of years. However, the European political and economic landscape evolved, our relations with Russia developed further, our trade expanded manifold, and both we and Russia felt that time had come to review and modernize the basis for our cooperation.

At the Summit in Khanty-Mansyisk in June 2008, we agreed that it was time to lay a new legally binding foundation for this relationship and negotiations were launched.

The agreement should cover all areas of our engagement, from security to research, from enterprise to customs, from judiciary to human rights. Given the central place of trade in our cooperation with Russia, the agreement has naturally to include substantive, legally binding commitments on trade and investment.

Twelve rounds of negotiations took place between July 2008 and December 2010. with good progress achieved in all areas under negotiation with the exception of trade and investment. Here, the progress has been marred by the reluctance on the Russian side. Now after four and a half years the diverging views regarding the trade and investment chapter have led to a difficult stalemate. For the EU, an agreement without solid trade, investment and energy provisions, is simply not an interesting option.

We need to get this right. We are not aiming at a preferential agreement with market access commitments going beyond what Russia agreed to in the WTO. What we do need, however, is an agreement that would facilitate trade and investment, and support the modernisation of the Russian economy. This would help our business to do more with and in Russia, and to do it with less unnecessary bureaucratic effort. To achieve that, in the interest of both sides, we need to have enough critical mass on trade, investment and energy.

Regulatory convergence is crucial in this respect. For example, alignment of technical regulations, fairness and transparency in agricultural trade, clear entry conditions in government procurement markets, and transparent rules for competition, intellectual property rights and customs procedures are all in our mutual interest.

Also in the energy sector, it is in our mutual interest to lay the basis for closer contacts between our regulators and network operators, and to establish common basic market principles that can help us make serious progress on developing a strategic energy partnership.

To add to that, let me stress that we are negotiating an agreement with the Russian Federation. Recently we have received some suggestions from our Russian colleagues saying that given the fast advancement of the Customs Union between Russia, Kazakhstan and Belarus, we should change our negotiating track and now negotiate parts of the agreement with the Customs Union, not Russia. But let me be clear: the EU is not prepared at this time to step into any legal contractual relationship with the Customs Union, especially since two of its members are not yet even members of the WTO. At this point the EU is prepared to conclude these negotiations and to sign an agreement with Russia alone.

This is not an easy process. But we need to conclude an agreement worthy of our strategic partnership. Our people, our businesses, our investors expect this from us.

Now let me say a few words about the political context, in which our negotiations are taking place. As rightly emphasized in the AFET report, a strategic partnership must build on shared fundamental values, including democracy, the rule of law and respect of human rights. You are well aware that we have all been observing political developments in Russia over the last six months with increasing concern. Mr Swoboda's report is another reminder of a continuously worrying trend in Russia, which seems to be aimed at limitation of the scope of action of civil society organisations.

Let me recall that the HR/VP has been vocal and unambiguous in several statements over the last months both as regards the general domestic situation in Russia, on recently introduced restrictive legislation and on individual cases like the Magnitsky investigation and the "Pussy Riot" trial. On 11 September the HR/VP commented extensively in the European Parliament on the political use of justice in Russia, echoing many of the concerns raised by this house. We have on many occasions reiterated our serious concerns over the worsening situation for civil society in Russia, grassroots civil society movements, both human rights NGOs and election monitoring organizations.

Overall, it is in our mutual interest to have an economically successful, modern and democratic Russia at our borders. We therefore welcome Russia's WTO accession and expect its full compliance with the new obligations. We stand ready to support Russia in its reform efforts, working closely together in the Partnership for Modernisation, the full integration into the international rules-based system, and the development of citizens' rights and freedoms, which must be the basis for shared stability and prosperity.

I would like to reassure the Honourable Members that the EEAS and the Commission pursue a consistent approach in promoting the rule of law, respect of human rights and participation of civil society as integral parts of the EU-Russia relationship. These themes are embedded in all our activities: from the Partnership for Modernisation to political dialogue at different levels, to human rights consultations, visa and migration dialogues as well as in our financial cooperation. This will be strongly embedded in our New Agreement as well.

Let me conclude with a brief comment on the upcoming EU-Russia Summit next week. Together with different mobility and energy issues, the New Agreement will be one of the main subjects on the agenda.

The sources of concern prominently described in the report and discussed in this House today will also need to be raised. Russia is our third most important trading partner and also remains an indispensable partner when it comes to ensuring security on our continent and to tackling a number of global challenges. At the Summit we therefore need to strike the right balance between an open and honest exchange of views on unresolved issues and unsatisfactory developments around the one hand, and constructive engagement on common interests and pressing challenges on the other.

Thank you.
