This report outlines progress made during 2011 on the implementation of the EU/Russia Common Spaces and of the Road Maps adopted in 2005. It also looks forward to the next steps expected in 2012. A detailed section is devoted to each of the Common Spaces. Where appropriate, reference is made to major financial cooperation projects in support of the Common Spaces Road Maps implementation, however, it should be noted that the document does not attempt to provide an exhaustive overview of all financial cooperation.

Russia has concluded its WTO accession. The result of these negotiations, the Working Party Report, was formally endorsed by the entire Membership of the WTO last December. Russia has six months to ratify its accession. Negotiations for a New EU/Russia Agreement to replace the existing Partnership and Cooperation Agreement focused exclusively on Trade and Investment provisions. Russia’s Customs Union with Belarus and Kazakhstan is gradually transforming itself into a more ambitious Single Economic Space which should be operational as of January 2012. In November the Presidents of Russia, Kazakhstan and Belarus signed a Declaration of Eurasian Economic Integration and established a "Eurasian Economic Commission".

Both sides continued to recover from the economic crisis. Russia continued applying previously introduced protectionist measures also under the Customs Union (e.g. increased import tariffs, SPS measures, discriminatory road and rail tariffs, export duties for wood and other raw materials, Siberian overflight fees, barriers to imports of pharmaceutical products).

On Georgia, Russia’s failure to comply fully with the agreements of 12 August and 8 September 2008 remained an issue of concern.

Dialogue and contacts have continued under all four Common Space Road Maps, including on Commissioner/Minister level. During the year, four Ministerial meetings of the EU-Russia Permanent Partnership Council were held: Foreign Ministers (once), Energy (once), and Freedom, Security and Justice (twice). The bi-annual meeting of the European Commission and the Russian government took place in February. Two summits at presidential level took place.

The Partnership for Modernisation helped to streamline the dialogues and subgroups and should continue to make them more results-oriented. Two joint progress reports were issued and implementation of the joint rolling work plan continued. 23 EU Member States have concluded bilateral modernisation partnerships with Russia.

Russia continued using the TAIEX facility financed and offered by the EU. Russian experts and officials participated in 18 events, seminars, conferences and study visits.
The **main achievements** of the EU-Russia dialogue in 2011 included:

**General:**

- Conclusion of Russia's WTO accession negotiations, including the signature of five bilateral agreements in December;
- Adoption and launch of the implementation of the “Common Steps towards visa free short-term travel of Russian and EU citizens”;
- Continued implementation of the Partnership for Modernisation with joint activities in a large number of areas, including signing of Memoranda of Understanding among IFIs to support modernisation projects with up to 2 billion Euro in loans;

**Trade and Economic cooperation:**

- Agreement on two lists of priority technical regulations to be aligned in 2011 and 2012;
- Large Russian participation in the space work programme 2011 under Framework Programme 7;
- Within the EU-Russia Energy Dialogue, signature in February 2011 of Joint Statements on an improved information exchange, on the establishment of a Gas Advisory Council, and on the establishment of an EU-Russia Energy roadmap until 2050. Moreover, signature of an enhanced Early Warning Mechanism to further improve cooperation in emergency situations;
- Harmonisation of Russian phytosanitary norms with international and EU standards in the field of pesticide residues for 20 combinations of substances and commodities, based on EU requests.
- Agreement on phasing out Siberian overflight royalties between January 2012 and December 2013;
- First launch of Soyouz rocket from Kourou in October.
Freedom, Security and Justice:

- Adoption of the “Common Steps towards visa free short-term travel of Russian and EU citizens” and launch of its implementation at the EU-Russia Summit on 15 December;
- Launch of the Russia-EU Migration Dialogue at the May PPC and adoption of the Work Plan for 2011-2012 at the October PPC;
- Launch of and substantial progress in the negotiations of an upgraded EU-Russia visa facilitation agreement;
- Adoption of the amended Local Border Traffic regulation covering the entire Kaliningrad region and certain Polish administrative districts by a future bilateral agreement between Poland and Russia;
- Russia ratified the 1980 Hague Convention on the Civil Aspects of International Child Abduction;
- Progress in the negotiations between Europol and Russian law enforcement authorities on an Operational Agreement;
- Launching of a number of reforms in the area of judiciary, penitentiary and law enforcement, with EU support in the reform of the appeal procedure.

External Security:

- Good cooperation continued between EU NAVFOR Atalanta and the Russian naval mission deployed off the Somali coast, enhancing the levels of protection provided to World Food Programme and merchant shipping;
- Resumption of formal “5+2” talks on the settlement of the Transnistrian conflict in December, and continued intense cooperation in the Quartet on the Middle East Peace Process;
- Pursuit of experts' level consultations on CSDP cooperation and a possible framework agreement in the field of crisis management operations.

Research, Education and Culture:

- Implementation of two EU-Russian coordinated, and co-funded, calls for proposals in the areas of ICT and nanotechnologies, and two joint calls involving the Russian Federation, the EU and the Member States;
• Establishment of new joint working groups for research infrastructures, e-infrastructures and researcher mobility;

• Implementation of a major information campaign in Russia on the opportunities available for Russian researchers through the EU 7th Framework Programme, and publication of a new edition of a compendium setting out all bilateral programmes between Russia and the EU and the Member States.

• Establishment of the Northern Dimension Partnership on Culture. A Memorandum of Understanding was concluded between the participating countries and institutions in May formally setting the objectives for this partnership.

• Continued cooperation of the EU, Russia, Norway and Iceland under the Northern Dimension Partnership on Culture in particular relating to cultural and creative industries, with several new cooperation projects.
EU-RUSSIA COMMON ECONOMIC SPACE

Progress

a. Industry Related Dialogues

i. Regulatory Dialogue on Industrial Products

This dialogue has been in place for six years. As far as exchange of information is concerned, good progress has been made. The two sides have learned more about each others’ positions. This has allowed the EU to comment on draft Russian legislation on industrial goods, and to explain the EU’s industrial and enterprise policies. There is a high level of interest and commitment to the dialogues on the Russian side. Both EU and Russian industry have also been very supportive and have participated in most of the subgroup meetings.

Since 2005, eleven plenary meetings of the co-chairs of the Industrial and Enterprise Dialogue have taken place at approximately six-monthly intervals. The meetings of last year were held on 24th May in Moscow and in Brussels on 16th November. The main purpose of these meetings is to monitor the progress of the eight existing subgroups.

The EU-Russia Partnership for Modernisation emphasises regulatory alignment. Policy statements of the Russian president referred to the possibility for Russia to align more closely with EU technical regulations and standards. Approximation of legislation would secure better market access for operators on both sides and would help further market integration. When Commission Vice-President Tajani met his Russian counterpart Viktor Khristenko, Minister for Trade and Industry, in Rome in October 2010, a Joint Statement was signed which also recognised the need for acceleration in the field of regulatory alignment. Priority lists containing 19 technical regulations where alignment should take place, including some of a horizontal, systemic nature, were submitted by the Russian side. Work on alignment will continue in 2012 and will show whether concrete results can be achieved.

The work plan of the Partnership for Modernisation also mentions the importance of associating Russia closer to European standards organisations. This would make the standards which these organisations adopt more recognisable and acceptable within Russian industrial circles. A number of Russian organisations are already members of the European Telecommunications Standards Institute (ETSI), but it is vital that Russia also gets more closely involved with organisations such as CEN (Comité Européen de Normalisation), CENELEC (Comité Européen de Normalisation Electrotechnique), and others. Therefore, a draft agreement between Rosstandard and CEN / CENELEC was discussed at the end of 2011 and it is expected to be signed early 2012.
A €2.5 million TACIS project "Approximation of EU and Russian Federation technical regulation, standardisation and certification systems" aiming at approximating with EU rules and enhancing effectiveness of the Russian technical regulation, standardisation and certification systems started in August 2009 and ended in December 2011. New projects are now under discussion or will be implemented in 2012, including the following:

1. Approximation of EU and Russian regulatory systems in relations to the use of standards intended to support the application of technical regulations
2. Approximation of regulatory systems in the area of technical regulations between EU and Russia/Customs Union
3. Approximation of sectoral technical regulations for industrial goods and support for implementation in priority regulatory sectors (two contracts to cover 10 sectors)

A TACIS project on support to e-Government with the Ministry of Economic Development and the Ministry of Communication was finalised. The overall objective of this €2 million EU-funded project was to improve transparency, administrative efficiency, and accountability of the Russian public administration.

The detailed progress in each of the six operational working groups under the regulatory dialogue is described below.

1. **Automotive industry:**

This subgroup is successful due to the active interest on both sides in exchanging information on the state of the automotive industry. There is an open and constructive cooperation and issues of practical nature in relation to both sectoral policy orientations and specific technical regulation subjects are discussed. Both sides are pleased with the level of information exchange and the cooperation between the EU and Russia in UNECE activities in Geneva.

The information exchange on the state of the automotive industry has led to various successes: coordination of activities in the framework of the 1958 UNECE Agreement, information on developments in other fora – like APEC, approximation of the European and Russian legislative frameworks in the automotive sector through UNECE Regulations endorsed by both EU and Russia, clarification of Russian requirements relating to the marking of tyres, etc. Furthermore, Russia is keen on having an approximation also outside this framework and especially a full mutual recognition for vehicle approvals.

**Lack of automatic recognition of EC vehicle certification results:** Although Russia and the EU both implement a very large number of often the same UNECE regulations, some vehicle-related subjects do not have UNECE standards (e.g. statutory plates, windshield defrosting, demisting devices, spray suppression systems). Some technical differences can arise between the EC type-approval certificates compared to UNECE and Russian requirements (e.g. noise marking requirements for tyres). In addition, the new Russian law (Technical Regulation concerning the safety of wheeled vehicles, which entered into force on 23 September 2010) makes it difficult to recognise these differences
in the future, which in turn would require EU manufacturers to carry out additional testing. In the absence of a Mutual Recognition Agreement (MRA), discussions are focused on the possibility to address the issue through a more limited bilateral expression of recognition in the technical legislation. It was notably highlighted that discussions in Geneva on the International Whole Vehicle Type Approval (IWVTA) had started and could provide for a way forward. Discussions on this subject are ongoing in the subgroup. The last meeting of the subgroup was held in Brussels on 27 October.

2. Textiles and light industries sub-group

This subgroup has continued its work during the year 2011 in a satisfactory way. Good progress has been made in the subgroup meetings with a wide range of agenda issues of mutual interest being discussed openly. The last meeting of the group was held in St Petersburg on 3 June.

Russian regulatory issues that have been discussed focused on the sectoral and horizontal legislative framework, under transformation, linked to the Customs Union between Russia and Belarus and Kazakhstan in particular, the new Customs Union technical regulation for children goods and the new regulation on consumer goods safety. From EU side they have been presented the main issues included in the new regulation on labelling requirements for the textile/clothing products in the EU.

The dialogue succeeded to establish structured contacts between business communities from both sides (in textiles, leather and furs industry). Apart from the regular updating information exchanged during the meetings, the Russian side was interested to learn from the EU legislation on light industry. From an EU point of view the efforts were focused on the approximation of technical legislations from both sides with the scope to boost trade in the sector between the two parties.

The group has succeeded to develop common projects between business communities from both sides. In this context, one common project financed by TAIEX has been executed during the first semester. Its scope was to improve convergence of conformity assessment standard tests in the area of the carpet industry.

Other projects of cooperation are under preparation such as a) a project on cooperation between EURATEX and the textiles Russian Federation, on training, environmental legislations and on standards and conformity assessment procedures, b) a project of cooperation of the EU leather industry (COTANCE) with the Russian one on leather on a common multilingual glossary on leather terms.

During 2011 the furs industry sector has started to participate in this group. In order to facilitate discussions the EU side has launched a study on standards comparison between Russia, Brazil and the EU. The results will be shared in the next meeting of the group which is foreseen for May 2012.
3. **Information society (formerly ICT, Radio and Telecom):**

In 2011, two meetings took place between Commission Vice President Kroes and the Russian minister for telecoms Igor Shchegolev to discuss Information Society topics: during the visit of the Russian government to Brussels in February and in Geneva in October in the margins of ITU Telecom World 2011 conference.

The **6th EU-Russia Information Society Dialogue** took place in Moscow on 29 June, followed by cooperation work throughout 2011, focusing mainly on regulatory aspects for electronic communications and other Information Society topics, ICT Research and eInfrastructures.

On the regulatory side, preparatory work in 2011 resulted in an Expert Meeting on Spectrum and Roaming policy that took place in Brussels on 12 January 2012.

Additionally, the Terms of Reference of the Working Group on e-Infrastructures were signed in late June. This working group has identified three priority areas for cooperation: Research Networking, Grid / Cloud Computing and Data Repositories. Preparatory work for putting in place joint action took place during 2011.

The **Working Group on ICT Research** has been discussing the research topics and the process for a coordinated call with Russia. Two priority areas for cooperation have been identified: high performance computing and semantic web. A number of issues related to budget availability and timing of calls from the EC and the Russian side need still to be resolved for the 2nd EU-Russia coordinated call in ICT Research to be launched in 2012.

Both the above working Groups are established under the EU-Russia Science and Technology Cooperation agreement.

In connection to this work, discussions have been launched on potential cooperation between the ICT European Technology platforms and the newly established Russian Technology Platforms in ICT. This aspect of cooperation is particularly relevant under the P4M (Partnership for Modernisation) Work Plan.

4. **Electrical equipment and machinery:**

It was agreed in October 2007 to create this subgroup. However, a first meeting has still not been held because the Russian side has not appointed a co-chair. At the moment it is not necessary to activate the working group, as some of the potentially relevant issues are already discussed in the working group on conformity assessment and accreditation (low voltage, electromagnetic compatibility).

5. **Pharmaceuticals:**

Following a reorganisation in the Commission services, the issues of the working group
are taken up under the Health Dialogue.

6. **Forest-based industries:**

Overall, there has been a very good level of exchanges. At the most recent meeting in St. Petersburg in June, the Russian side indicated recovery of production levels in the forest-based industries and furniture by the end of 2010 to those of 2007, the biggest resurgence being in woodworking, driven by renewed construction. The reported recovery was achieved using significant subsidies. The EU side indicated that the International Council of Forest Products Associations - of which Russia is also a member - is launching a study on subsidies in the forest-based sector.

Other issues included:

- the EU side mentioned the Canadian WTO Doha initiative for a sectoral (forest products) deal. Russia would be a key player once a WTO member. However, since June 2011, prospects of such a deal have dwindled;

- Russia participates in the EU Forestry Technology Platform and good co-operation is sought for the revision of its Strategic Research Agenda;

- the EU side passed on to Russia copies of the “Good practice guidance on the sustainable mobilisation of wood”, developed by the Commission with UNECE and Forest Europe;

- the Russian side raised concern over the EU Timber Regulation, which it sees as a possible trade barrier.

The next meeting is scheduled in May 2012, on existing issues and new aspects e.g. EU Raw Materials Initiative, under which an innovation partnership should include wood; sectoral research and innovation; co-operation on sectoral education and training for SMEs; and possible industry-led initiatives.

7. **Construction Products:**

It was agreed to establish this Subgroup in October 2007, following the request of the EU-Russia Industrialists’ Round Table. There has been a long delay in starting the work of the group since the Russian side was not able to appoint a co-chair for a long time.

After a TAIEX seminar on Eurocodes in 2008, the first meeting took place in March 2010. Nevertheless, the activities of this working group were again suspended until a new Russian co-chair was appointed in December 2010.

After being dormant for 13 months due to organisational problems on the Russian side, the subgroup has re-started its work with a meeting in May 2011. The next step in the
subgroup’s work will be the development of an Action Plan. In order to progress, the Russian side needs to identify the priorities, in particular the specific Eurocodes to be included in the Action Plan.

8. **Conformity Assessment and Standardisation:**

This subgroup is the main forum for discussion of horizontal issues in the field of technical regulations, conformity assessment and standards. It is the core of the regulatory dialogue and the means by which technical barriers to trade (TBT) disciplines and, more specifically, the EU New Approach can be discussed.

During the last meeting held on 30-31 May, the EU concept on market surveillance was presented to the Russian side in depth. Furthermore, sectoral draft Customs Union regulations on toys, machinery, electrical safety and electromagnetic compatibility were commented from EU side, as well as comments on Russian / Customs Union rules on energy efficiency labelling. The latter led to positive changes in the Russian rules. Subsequently the EU side submitted written comments on the aforementioned drafts. In the meantime, the technical regulations relating to toys and electrical Low Voltage equipment were adopted by the Customs Union. These technical regulations are currently analysed by the Cooperation Project and Commission services.

Furthermore, from both CEN/CENELEC and Rosstandart, a progress report was given on the elaboration of a cooperation agreement. In the meantime further progress could be achieved towards the finalisation of a cooperation agreement between the standardisation bodies.

The cooperation has enabled the Commission to obtain a better understanding of the ongoing process of regulatory reform in Russian Federation and of the importance and activities of the Customs Union. The work has contributed to familiarise the Russian side in depth with key features of the EU regulatory system for the marketing of goods (such as market surveillance, accreditation, use of standards, transitional regimes, etc).

The outcomes so far are:

- Approximation to some extent with EU regulations and standards:
  - Electrical safety,
  - Toys,
  - Machinery
- Signature of a Cooperation Agreement expected early 2012 by CEN/CENELEC and Rosstandart;
- Preparation of further alignment on horizontal aspects and sectoral technical regulations.

Some issues nonetheless require further efforts and co-operation:

- There is still a major deficit with regard to approximation with horizontal
concepts, relating, in particular, to market surveillance, use of voluntary standards, conformity assessment procedures and accreditation; alignment of horizontal aspects is a prerequisite for further sectoral alignment;

- The repartition of competences between the Ministry of Industry and Trade (the Russian main interlocutor), Ministry of Economic Development, Ministry of Regional Development and Ministry of Health is rather complex. There seems to be little coordination and cooperation between different Ministries and governmental bodies;

- Rather than to leave more freedom to the businesses and rely on their responsibility the current system relies too heavily on premarket compulsory certification and inspection of companies in areas where the EU relies on the manufacturer's declaration;

- A further difficulty refers to the capacity and unpredictability of the prioritising and decision-making at the Russian side.

On 17 December, the Commission invited European industry associations to a joint (with the Russian Ministry) debriefing on the Customs Union technical regulations. This was a much appreciated event which could possibly be repeated in 2012.

ii. Industrial/Enterprise Policy Dialogue

Since 2005, eleven plenary meetings of the co-chairs of the Industrial and Enterprise Dialogue have taken place at approximately six-monthly intervals. The meetings of last year were held in March in Moscow and in Brussels in November.

The situation with the industrial/enterprise dialogue is very much the same as with the regulatory dialogue (see above). As far as exchange of information is concerned, good progress has been made. The communication reduces the likelihood of trade disputes arising in the sectors concerned and the exchange of information allows for European Commission’s input on draft Russian legislation (i.e. on industrial goods), and to explain EU industrial and enterprise policies. Within the different sectoral working groups, information is also exchanged on industrial statistical data, technology developments in the sector, and the developments in foreign markets. Last year, within a number of sectoral working groups, measures taken as “crisis response” were also discussed, following the unfolding of the economic and financial crisis by which both the EU and Russia have been affected. The EU seeks approximation of legislation in this field.

Six working groups for different sectoral issues have been established under the dialogue so far. EU and Russian co-chairs have been appointed for each subgroup and relevant industry bodies are fully involved.

1. Automobiles:
This subgroup meets as a joint subgroup with the automobile subgroup under the Regulatory Dialogue on industrial products (see above).

2. **Textiles:**

This subgroup meets as a joint subgroup with the textiles subgroup under the Regulatory Dialogue on industrial products (see above).

3. **Mining and metals:**

The last meeting of the group took place in November 2010 in Brussels and there were no meetings held in 2011.

4. **Chemicals:**

The 7th meeting of the sub-group took place in Moscow on 1 July, discussing and exchanging information on the implementation of REACH and CLP in the EU and reviewing the new draft Customs Union Technical Regulation on Chemicals Safety, which has replaced the earlier draft Russian Technical Regulation.

The EU has continuously delivered high input and information on a range of chemicals legislation such as REACH (Regulation (EC) No 1907/2006) and CLP (Regulation (EC) No 1272/2008), which implements in the EU the Globally Harmonised System (GHS) for classification & labelling of chemical substances, and the status of their implementation. At the 7th meeting, the Russian side confirmed that there had not been any particular difficulties for Russian companies to comply with REACH registration obligations (first registration deadline: 30 November 2011) and CLP classification and labelling notification obligations on 3 January 2011.

Despite earlier commitment of the Russian Minister for Energy and Industry to revise the Russian legislation on chemicals to align it with the EU REACH legislation, at the 6th meeting of the sub-group in July 2010, the latest draft of Russian chemical legislation was examined, confirming that is was mainly meant to implement the GHS, while maintaining the existing conformity assessment procedures currently in place in the Russian Federation and thus not aligning with REACH. Moreover, the Russian side informed that this draft would be revised to become a draft Custom Union Regulation on the safety of chemical products, due to the emergence of the customs union with Belarus and Kazakhstan. At the end of March, the Russian side informed about the ongoing public consultation on a new draft Technical Regulation, which was examined closely by the Commission.

At the meeting in July, the EU explained in great details its comments and concerns on this draft Regulation. The EU highlighted the identified differences vis-à-vis EU REACH & CLP legislations that may create difficulties for trade between the EU and the Russian Federation (respectively also the Customs Union): the multiple and partly redundant registration schemes and the fact that many provisions in the draft Regulation were rather unclear with regard to their scope (substances, mixtures, or both).
The Russian side gave assurances that the EU comments, together with all other comments received during the public consultation, will be discussed in the Customs Union Committee without committing that the new draft CU Technical Regulation would be modified to resolve all the comments provided by the EU.

A revised Draft CU Regulation was made available in the beginning of October and is still under examination.

**Accession of Russia to the OECD system on Mutual Acceptance of Data and GLP (Good Laboratory Practice):**

Even though the Russian side insists that recognition of test data from Russian laboratories by the EU authorities is of key importance, its access to the OECD system on mutual acceptance of data and GLP, which would achieve this goal, is not progressing.

**Difficulties to assess how the new Custom Union procedures will affect EU chemical exportation**

The Customs Union formation and the Single Economic Space (by 1st January 2012) have already affected the process of adopting the draft legislation on chemicals. The timing for adoption of the Draft CU legislation still contains uncertainties.

At the 7th meeting of the sub-group, the Russian side informed that on the day of the meeting (1st July 2011) the CU had started to operate with border controls moved to the outer borders of the Customs Union while signalling its willingness to help in case of specific difficulties identified by the European Chemical industry.

The 8th meeting of the sub-group has been tentatively scheduled in Brussels for end of May 2012 and the topics will remain largely the same as in the last meeting. It is also expected that the Russian side might wish to report on relevant activities in APEC, as Russia chairs the APEC meetings next year.

5. **Aerospace**

Most of the cooperation between the EU and Russia on aerospace and aviation issues has taken place outside the subgroup, which has only met once, in December 2006 in Brussels. Aerospace issues were dealt with in 2011 in the context of the EU-Russia Transport Dialogue (working group for air transport; Aviation Summit) and the EU Russia Cooperation in Research and Innovation.

6. **SMEs and enterprise policy:**
The exchange of information between the EU and Russia in this subgroup has been constructive and useful. A complication on the Russian side is that responsibility for SME issues is split between the Ministry of Industry and Trade (MIT) and the Ministry of Economic Development (MED).

The latest meeting of the group took place in Brussels in May with the objective to exchange information on recent SME policy developments in the EU and in the Russian Federation. It was also a first occasion to discuss in more details SME points related to the Partnership for Modernisation.

According to Russian statements in the last meeting, SMEs’ situation has improved in recent years. According to the State programme of financial support to Small and Medium-sized Enterprises, run by the Ministry of Economic Development, the share of Russian SMEs in GDP is growing (currently at 21%). In the last five years they also noticed a stable growth related to employment as well as to number of companies. The stated budget expenses on SME support programmes has increased significantly since 2009, in comparison to previous years. The support has reached in 2010 nearly € 600 million, with a focus on supporting export oriented SMEs, innovative companies, guarantee funds, microloans and start-up grants.

However, the business environment remains mostly unchanged. Russian SMEs have to cope with obstacles which are deeply rooted in the functioning of the Russian economy: difficult access to infrastructure, corruption, lack of transparency, heavy administrative and tax burden.

iii. Space

The EU-Russia dialogue on space, since its establishment in 2006, is governed by a trilateral Steering Board with participation of the Russian Federal Space Agency, the European Space Agency and the European Commission.

The latest meeting of the Steering Board of the EU-Russia Dialogue on Space Cooperation took place in June 2010 in Noordwijk (ESA ESTEC facilities).

In order to streamline the cooperation process it was agreed to reduce number of working groups from initially seven to two:

- The Space Science and Technology WG co-chaired by ESA integrates the former Fundamental Space Science and Applied Space Science Work Groups.

The Launchers and Human Spaceflight Work Groups were cancelled.
The sector contributes an important range of activities to the work plan for the EU-Russia Partnership for Modernisation. The following achievements highlight mutually beneficial fields of EU-Russia space cooperation:

- In the field of launch systems, the launch infrastructure at the European space port in French Guyana is operational and the first launch of a Soyuz Rocket with the first Galileo satellites onboard took place from Kourou on 21 October 2011.
- In the field of satellite navigation, the negotiations on an overarching GNSS cooperation agreement are ongoing. The EU and Russia have the intention to exchange information related to their plans for developing regional augmentation systems. Further progress is expected on the central issues of compatibility and interoperability of GALILEO and GLONASS, in particular in light of the modernisation of GLONASS (K Satellites). For Search and Rescue, both sides will work together to define performance validation procedures and ground segment operations.
- In the field of Earth observation, six EU-Russia joint projects have been accepted under the FP7 space theme in the following areas: the arctic ice monitoring, forest change assessment, earthquake precursor's development, EO data exchange and crop monitoring. It is now proposed to investigate areas for collaboration and propose actions for the development of shared environmental information systems, including air quality monitoring and for pollutant transport modelling. Over the coming 12 months period a particular focus should be to develop synergies and ensure a well coordinated collaborative approach on land cover and forest cover change monitoring.
- In the field of Applied Space Science and Technology, an effective methodology to identify and assess technology activities for cooperation has been developed and is now fully operational. The results achieved so far are: set of joint tools and processes for the identification and selection of joint R&D activities; four joint technology workshops; six contracts awarded (FP7 3rd call); one on-going business-to-business activity; additional potential areas of joint collaboration.

Furthermore, the EU cooperates with the Russian Federation to ensure the interoperability of the respective in-vehicle emergency call services (EU-eCall and the ERA-GLONASS), which would bring considerable benefits for citizens travelling cross-border and for the European ICT and automotive industries. In 2011, several meetings were held at technical level, both bilateral and with the involvement of stakeholders. The cooperation led to carrying out cross-border tests between the EU-funded CIP project HeERO and the Russian ERA-GLONASS project. The first cross-border testing activities took place in December between Finland and Russia.

b. Trade Related Dialogues
i. Intellectual Property Rights (IPR) Dialogue

This dialogue focuses on horizontal issues (institutional issues, legislation, enforcement, and public awareness), sectoral discussions (i.e. copyright, patents etc.) and specific cases. The terms of reference for this dialogue were agreed and signed in March 2006. Participation of competent Russian enforcement authorities is essential and several agencies are involved (Police, General prosecutors office, Patent office, Customs). There is also a broad participation of right holders to discuss specific concerns in their particular sector. Joint conclusions are normally agreed in order to allow for a progress assessment.

There have been ten meetings of this dialogue, the most recent of which took place in Moscow in October. The following topics were discussed: latest legislative developments concerning IPR in Russia, functioning of the customs union, parallel imports, data protection for pharmaceutical and agrochemical products, specific issues concerning foreign geographical indications protection under Russian law as well as the protection of well-known trademarks. The Commission also received an update on the enforcement activities undertaken by the Russian authorities.

Since the second half of 2008 there have been trainings organised on copyright and related rights infringements for judges and enforcement agencies in different regions of Russia. Since the launch of these trainings approximately 850 Russian officials (judges, prosecutors and other enforcement officials) participated. From the reviews received from the participants and the Russian co-organisers this program has largely contributed to deepen the knowledge of the importance on the protection and enforcement of IPR. During the last IPR Dialogue the Parties agreed that the training programme should continue and that the scope of the trainings should be extended to cover also trademark protection.

ii. Public Procurement Dialogue

The 2011 dialogue on public procurement issues did not take place due to the participants' conflicting agendas. The meeting, which was supposed to address issues such as e-procurement and GPA was originally scheduled for autumn in Moscow.

iii. Trade and Investment Dialogue

The new Trade and Investment Dialogue replace the previous Early Warning Mechanism and the Investment Dialogue which have hardly functioned in practice. The terms of reference were signed in 2011. The main objectives are to enhance bilateral cooperation on trade and investment policy, to improve the exchange of information in a timely manner, and to analyse and assist in resolving specific bilateral trade matters.

The Dialogue also foresees the creation of two subgroups, namely a Subgroup on Trade
issues and a Subgroup on Investment issues which should take place at least twice a year, in advance of the Dialogue meetings.

Since the dialogue was established, two meetings have taken place at senior official level in Brussels in July and November. The two subgroups also met during 2011. The first meeting of the trade subgroup took place in September with the aim not only to exchange information on a number of bilateral trade issues identified but also to seek solutions. The investment subgroup met for the first time in October. The exchanging of views and information about investment climate, developments in investment policy and bilateral investment barriers in the EU and Russia proved to be useful and satisfactory for both sides. The last topic was addressed at length, with a view of flagging concrete problems investors are facing and exchanging views on appropriate ways to address them.

c. Customs and Cross-border cooperation

In 2010, the Commission and the Russian Federal Customs Service (FCS) agreed to recast EU-Russia customs cooperation, previously based on the EU-Russia customs cooperation strategy launched in 2007. In view of the mutual interest of the EU and Russia in economic integration, customs modernisation and convergence in line with international standards, the "Strategic Framework for EU-Russia Customs Cooperation" was endorsed by Commissioner Šemeta and the Head of the FCS Belyaninov during the visit of the Commissioner to Moscow in November 2010. The Framework is built on the basis of three broad priorities: fluid and safe trade lanes; risk management and the fight against fraud; and investment in customs modernisation. First concrete steps in terms of implementation were agreed in May 2011 in Brussels, at the last meeting of the EU-Russia Working Group on Customs Border Issues, including on the establishment of two expert groups on risk management/Authorised Economic Operators and legislative convergence. The kick-off meetings of two expert groups were held in Moscow in November 2011. A number of activities under the Strategic Framework were also reflected in the priorities of the Partnership for Modernisation.

Progress achieved so far:

(i) Fluid and safe trade lanes:

- Early Warning Mechanism: The draft joint statement on the establishment of the Early Warning Mechanism was agreed in both form and substance at the level of services by DG TAXUD and the FCS and is ready for signing pending completion of the necessary procedures.
- Streamlining of border agencies: The Federal Law authorising Customs to carry out transport controls and documentary controls in the sanitary, phytosanitary and veterinary area entered into force on 1 July 2011.
- Creation of fast lanes: first tentative discussion on possibilities for Russia to grant simplified procedures to EU AEOs.

(ii) Risk management and the fight against fraud
Evaluation of the pilot project on exchanges of information: One of the main objectives of the evaluation project financed under the Common Space Facility is to evaluate the practical effects of the implementation of the pilot project on exchanges of advance customs information, which was launched in January 2009. An agreement has been reached with Russian Customs to implement the evaluation project in two phases; covering six-crossing points each. As a first step, coordination meeting between Russian Customs and contractors (HTSPE Ltd) took place in Moscow in December.

Under the fight against fraud priority, the most important objective of the European Commission is the cooperation with Russian authorities in the fight against cigarette smuggling along the Eastern Border. This smuggling is causing huge financial losses for the EU and one of the main countries of origin of these cigarettes is Russia. In order to tackle the smuggling of cigarettes at the Eastern Border, the Commission adopted an Action Plan to fight against smuggling of cigarettes and alcohol along the EU Eastern border at the end of June. Although broader in scope, the Action Plan contains actions that are targeted to reinforce the already existing good cooperation with Russian authorities in this area. The implementation of the Action Plan is progressing as foreseen.

(iii) Investment in customs modernisation:
- Convergence of legislation and procedures: Identified and agreed eight possible areas for legislative convergence (risk management; AEOs; binding information; customs valuation; transit; electronic declaration; temporary importation; outward processing).
- Improvement of transit: Decision taken at the level of the Customs Union in January to start coordination of the preparations in order accede the Common Transit Conventions of 1987.
- Infrastructure: In October, Russia and Lithuania signed an agreement on the construction of a new bridge across the river Nemunas at the Russian-Lithuanian border. This would allow starting with construction work for a new border-crossing point in Sovetsk/Panemunė.

A number of project proposals for reconstruction of border-crossing points at the EU-Russia's border were submitted in 2011 within the framework of the ENPI Cross Border Cooperation (CBC) programmes, including for Imatra-Svetogorsk, Nuijamaa-Brusnichnou, Vientuli-Ludonka and others.

d. Competition

Russia's current competition law dates back to 2006 and was last amended in 2009. Russia's competition law now prohibits anti-competitive agreements between undertakings and abuse of a dominant position. It also prohibits acts of public authorities

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1 So-called "Second Legislative Package", doubling merger notification thresholds from previous levels, extending FAS investigative competences and introducing criminal sanctions for antitrust violations.
which distort competition (including a section on state aid, referred to as "state and municipal preferences"). A new set of amendments (so-called "Third Legislative Package" has been adopted by the government end of 2011 and is currently before the Duma (second reading). It brings significant changes to core articles of the competition law, as well as to legislation on criminal and administrative sanctions. As part of its accession process to OECD, Russia has accepted to submit its competition regime to scrutiny by the OECD Competition Committee and will report back to the OECD also in 2012 on possible further amendments to the Third Legislative Package.

In 2011, regular contacts between the Commission and the FAS took place on technical questions. The head of the Russian FAS, Mr Artemyev, met with Vice President Almunia on 10th March and a Memorandum of Understanding was signed between DG Competition and the Russian FAS in order to create a framework for closer dialogue on competition policy, advocacy and enforcement.

### e. Financial Services and Macro-Economic Policy Dialogue, Statistics

#### i. Financial Services and Macro-Economic Policy Dialogue

The sixth Dialogue on Macroeconomic and Financial Policies took place in Brussels in November.

The dialogue took place just after the G20 summit in Cannes. The importance of gaining a better understanding of the global economic situation, and fiscal and monetary policies undertaken in the EU and Russia were at the centre of the discussion. On G20 issues, the two sides agreed on the importance of implementing the commitments taken – the Cannes Action Plan. The Russian side was looking forward to the first G20 Deputies in January 2012, as Russia will then be member of the G20 Troika and will play an important role in setting the agenda.

With regard to financial policies, discussions on the future implementation of Basel III took centre stage and were complemented by a first exchange on a possible banking resolution framework. The Russian Federal Financial Markets Service gave an update on the country's most recent initiatives in the securities area, including the law on 'clearing activities' and on a Central Securities Depository. Both laws entered into force on 1 January 2012. Corporate governance for financial institutions was also addressed and the Russian side presented equally an update on their IFRS legislation.

Several working groups were organised at technical level in Brussels in the months prior to the dialogue. The working group on "Exit Strategies and Sustainable Growth" held its second meeting in June. The second meeting of the banking and securities group took place in June. The insurance working group met in May. The accounting and auditing working group met in parallel to the insurance group.

The next meeting of the Dialogue is foreseen for the second semester of 2012 in Moscow. In the run-up to this main Dialogue, working group level activities will take place.
A project “Eurosystem Cooperation Program on Banking Supervision and Internal Audit (amount € 3,000,000)” was implemented by the ECB during three years. Under the Internal Audit Component, regional seminars, workshops, training events were very well attended. A Compendium on Internal Audit was prepared by ECB and published by the Bank of Russia after the project end. Consultation visits to EU national banks were organised. Under the Banking Supervision Component, important work was done through working groups on the 3 pillars of Basel II. IRB consultative document was published and led to open discussion among the banking community. The closing event took place in March 2011. The Project partner - the Bank of Russia - attaches great importance to the project results and visibility. There is expression of interest from the ECB and the BoR for future cooperation in various fields on Basel 3 and Monetary Policy including Systemic risks and financial stability, macroprudential supervision, Basel III, supervision of credit organizations - central counterparties, private payment and settlement systems monitoring and supervision.

ii. Statistics

Eurostat-Goskomstat statistical cooperation was agreed in 2002. A new Eurostat-Rosstat Memorandum of Understanding is under preparation and is due to be signed in 2012. This will contain agreements of methods of data exchange using the Statistical Data and Metadata Exchange (SDMX) system. A selection of pilot data has been sent to Eurostat by Rosstat.

A “Statistics in Focus” publication concentrating on general issues, trade, energy and environment was published end 2011. This will be translated into Russian in 2012.

Cooperation in the field of harmonisation of statistics will continue. Seminars on key statistical domains are foreseen in the future aiming at further harmonisation of statistics. Rosstat has been encouraged to apply for TAIEX.

f. Energy

In 2011, the EU-Russia Energy Dialogue continued its intense cooperation activities with more than 20 meetings, seminars and conferences as well as high-level meetings.

The Coordinators of the Dialogue, Commissioner for Energy Oettinger and the Russian Minister Shmatko met in February, May and in December to set out the main objectives for the cooperation.

On 24 February, the Coordinators signed four important documents with the aim to further strengthen EU-Russia energy relations in the framework of the Energy Dialogue:

- a Joint Statement on information exchange between the European Commission, DG Energy and the Russian Ministry of Energy on important policy initiatives;
- an enhanced Early Warning Mechanism
• a Joint Statement on Creating a Mechanism to assess future Trends in the Gas Markets which establishes a new EU-Russia Gas Advisory Council;
• a Common Understanding on the Preparation of the Roadmap on EU-Russia Energy Cooperation until 2050.

The 6th Permanent Partnership Council (PPC) on Energy took place in Moscow on 1 December. At the PPC, the 12th progress report of the Dialogue was signed. Both sides agreed on a re-structuring of the Thematic Groups of the Dialogue.

Director General P. Lowe had several meetings in Moscow with his Russian counterpart, Deputy Minister A. Yanovskiy. Among other subjects, they discussed the application of the EU internal market legislation and its impact on Russian companies, and infrastructure issues.

The work of the Energy Dialogue is carried out in three Thematic Groups: 1. Energy Strategies, Forecasts and Scenarios, 2. Market Developments, including the Subgroup on Infrastructure, and 3. Energy Efficiency. Overall, around 20 meetings, seminars and conferences were organised. In May, a meeting of the EU Co-chairs took place in Brussels to coordinate the further work of the Thematic Groups.

1) The Thematic **Group Energy Strategies, Forecasts and Scenarios**, set up to exchange views on the EU and Russian strategies, policies and forecasts in energy, met in May and November. Work started on the joint EU-Russia Energy roadmap 2050. Two expert meetings in May (Moscow) and June (Brussels) were organised to prepare an expert report on the roadmap. This will serve as a basis for the final report to be concluded by mid-2012.

A conference on alternative uses of natural gas took place in Brussels on 24 June.

2) The **Thematic Group Market Developments** aims to promote trust and transparency in the EU-Russia energy relationship through exchange of information on current and planned legal, regulatory and policy developments impacting energy markets, trade and investment in the EU and Russia. The Group met in Moscow in June. Detailed discussions took place in particular on the Early Warning Mechanism, the investment situation in the Russian energy sector, and the legislative developments in the EU.

The **Subgroup on Investments** met in October, with the main aim to prepare industry recommendations for the EU-Russia energy roadmap.

The **Subgroup on Infrastructure** had its first two meetings in April (Brussels) and November (Moscow) and exchanged information about EU and Russian infrastructure projects, including the energy projects of the European Recovery Plan, and on the Kaliningrad Nuclear Power plant.

The newly established **Gas Advisory Council** held its first meeting in Vienna on 17 October. The Gas Advisory Council consists of industry and academic high-level experts
The Council agreed on its working rules, a timetable and working priorities for the next year. These include:

- to discuss and evaluate the possible long-term trends of EU-Russia gas relations with the aim to reduce uncertainty, taking into account global developments in gas markets;
- to discuss and evaluate ongoing issues of concern for EU-Russia gas relations, notably concerning the organisation and structure of the EU and Russian gas markets;
- to discuss and evaluate the short and long-term implications of EU-Russia gas relations for gas infrastructure both within the European Union, the Russian Federation, and in transit countries.

3) The Thematic **Group Energy Efficiency** aims to exchange information on legislative and regulatory frameworks, sharing the experiences, knowledge and cooperation on projects in energy efficiency, energy savings, renewable energy sources, gas flaring, etc. The group plays a major role in preparing the input of the EU-Russia Energy Dialogue to the Partnership for Modernisation.

Due to the absence of a Russian Co-chair, activities of this group were limited notably in the second half of 2011. In April, a meeting between the EU Co-chairs and the Russian Director in the Ministry of Energy responsible for energy efficiency took place.

In accordance with the agreed Work Programme of the Thematic Group, in March and in July, two seminars on energy efficiency indicators and energy efficiency in buildings were organised with the support of the Joint Research Centre of the European Commission and the Russian Energy Agency.

*It can be noted that, outside the EU-Russia Energy Dialogue, the Northern Dimension Environmental Partnership (NDEP) has become increasingly involved in energy efficiency issues in the district heating sector. Energy efficiency related investment projects are already being implemented in the cities of Vologda and Novgorod and another one has been proposed for Gatchina.*

**g. Environment**

The Environmental Dialogue was launched at the Environment PPC in 2006. The second Environment PPC was held on 10 November 2009. It is expected that the next PPC will be held in 2012.

The EU and Russian Directors overseeing the dialogue met in May to review progress on priorities for cooperation linked to the EU-Russia Partnership for Modernisation.

The Subgroup on **Biodiversity and Nature Protection** had a constructive meeting in Brussels in July. The discussions covered the follow-up to the Nagoya Summit, the EU Biodiversity Strategy and other on-going work, green infrastructure and climate change,
and the post-2010 global biodiversity target. A workshop on the protection of wildlife habitats and their species was held back-to-back with the meeting.

The **Water and Marine Issues** expert subgroup met in August in Moscow and had constructive discussions on the issue of EU accession to the Black Sea Convention and on the establishment with EU participation of river basin management for the Nemunas and Daugava rivers. The meeting also discussed issues for closer cooperation, especially on environmental protection and on exchange of data from research and monitoring. The EU gave an update on implementation of the Marine Strategy Framework Directive and preparation of measures related to offshore safety.

The Subgroup on **Forest Law Enforcement, Governance and Conservation** (FLEGC) continued intensive collaboration with the Federal Forest Agency (FFA). Meetings were held in March (Moscow) and November (Brussels). Topics discussed included the EU Timber Regulation and FLEG Voluntary Partnership Agreements (including continuing discussions on a possible EU-Russia VPA), developments in Russian regulation to combat illegal logging, a proposal to establish a separate EU-Russia Dialogue on Forestry and use of biomass as a renewable energy source.

*Linked activities took place under the ENPI Eastern Regional project on Improving Forest Law Enforcement and Governance, see. This project was funded by the European Commission (€6 million, 2008-11) It aimed at contributing to legal and sustainable forest management and utilization practices and improved local livelihoods focusing on exchange of experience on approaches to regulating illegal logging, and improving compatibility of monitoring and indicators. A second phase of the project is under preparation.*

The second meeting of the expert sub-group on **Convergence of Environmental Monitoring** met in Moscow and Obninsk in April. The work of this sub-group focused on Forest and Land Cover Monitoring, establishing a Shared Environmental Information System, long-range transportation of pollutants, and improved waste and hazardous chemicals management. A revised work plan was agreed.

EU-Russia cooperation on soil is taking place in the context of the development of the State Geographical Soil Database of Russia (SGSGB). Staff from the European Commission’s Joint Research Centre will visit the V.V. Dokuchaev Soil Science Institute in the first half of 2012 and will focus on harmonising SGSGB reporting with EC Standards.

In June, it was agreed that in the future the **Convergence of Environmental Policies** sub-group would focus on monitoring, reporting and the effectiveness of environmental policies. The Executive Director of the European Environment Agency will lead this work for the EU, together with the Russian Ministries of Economic Development and Natural Resources & Environment. The EEA hosted a high-level seminar to develop joint activities to support the Environmental Dialogue and Partnership for Modernisation in these areas. The meeting identified six areas of cooperation for 2011-12:
- Forest and land cover monitoring
- Shared environmental information systems
- Long-range transport of pollutants
- Improved waste and hazardous chemicals management
- Mobile environmental monitoring and control instrumentation
- Space technologies and training for sustainable development

Linked activities are taking place under the ENPI Eastern Regional project ‘Towards a Shared Environmental Information System’, launched in December. See: Also a Common Space Facility project “Introducing Environmental Monitoring Results into the Russian Economic Processes” was completed in October 2011 (duration – 16 months, budget – €1 million). The overall objective of the project was to develop and implement the results of environmental monitoring to improve the country’s economy, including the information on climate change.

The Clean Production and Pollution Prevention sub-group was established in 2007, but owing to changes in responsibilities in the Russian administration this sub-group has not met regularly. Related activities are taking place under the ENPI Eastern Regional projects on Waste Governance and Air Quality Governance.

A joint seminar on assessing the environmental impact of large-scale projects in the light of the experience of Nord Stream was held in Moscow in May. In June the Russian government announced that it would undertake preparatory work with a view to ratifying the Espoo Convention.

Progress was made on the construction of a waste water treatment plant in Gusev (Kaliningrad region) jointly funded by the Commission (€3 million) and regional authorities in Kaliningrad with an expected total cost of some €7.5 million.

The European Commission has agreed to co-finance a €40 million programme which will upgrade waste water plant facilities in Kaliningrad Oblast. The EC contribution to the programme is €9.5 million. The Kaliningrad Government will contribute €20 million and the balance will be financed under a loan organized through NEFCO (Nordic Environmental Finance Corporation). To ensure the successful implementation of the multi-donor programme and upon the request from the Russian Authorities, the implementation period was extended until December 2013.

A project "Towards Enhanced Protection of the Baltic Sea from Main Land-based Threats: Reducing Agricultural Nutrient Loading and the Risk of Hazardous Wastes" started in February 2009. The overall objective of this project is to promote Baltic Sea protection from hazardous waste as well as from agricultural nutrient loading. The project aims at reaching this goal by improvement of management of hazardous and agricultural wastes in St. Petersburg, Leningrad and Kaliningrad Oblasts of the Russian Federation. The project’s first phase finished in
June 2011. The second phase started in April 2011 (duration 15 months).

The Northern Dimension Environmental Partnership (NDEP), which celebrated its 10th anniversary in June, has been financing environmental and water quality investments in North West Russia since 2002. By the end of 2011, the NDEP support fund had launched 24 investment projects in the environmental field, mainly focusing on waste water management, but also energy efficiency and solid waste, as well as several projects relating to the management of nuclear waste. The overall contribution of the European Union to the NDEP support fund totals € 84 million, making it the largest contributor.

h. Climate action

Throughout 2011, the EU endeavored to strengthen cooperation with Russia on addressing the challenge of climate change and to secure Russia as a constructive partner for achieving a global and comprehensive post-2012 agreement.

The meeting of the Climate Change sub-group in May in Moscow focused on the latest developments in the EU and Russian climate policy, in particular on the EU’s Roadmap for Moving to a Competitive Low-Carbon Economy in 2050 and on national and international monitoring, reporting and verification.

The meetings of Commissioner Hedegaard in Moscow in November were essential in finding constructive solutions to key outstanding issues in the international climate negotiations, thereby contributing to a successful outcome of the Climate Summit in Durban.

EU experts actively participated in the international scientific conference "Problems of Adaptation to Climate Change" which took place in November in Moscow.

A TACIS regional project (2008-11) to provide advice and assistance in setting up Kyoto implementation mechanisms had its office in Moscow and ended in December 2011. In 2012, a new regional project 'Clima East' is scheduled to start. The EU is in contact with Roshydromet and the Ministry for Economic Development concerning its preparation.

A Common Space Facility project “Support to the development of new generation models to estimate and forecast GHG emissions and efficiency of Russian climate change mitigation measures and policy” completed in December 2011 aimed at the development of comprehensive projections of GHG emissions by sources and their sequestration by sinks for the period up to 2050 with and without climate policies to assist the Russian authorities with negotiating new climate change international agreements and taking steps towards low carbon society in Russia (project duration – 17 months, budget – € 1 million).

i. Transport
The EU-Russia Transport Dialogue started in 2005 and was first articulated around five permanent working groups focusing on the priority issues of EU-Russia transport relations. In addition, an ad-hoc sub-group on Transport Logistics Issues was formed at the Transport Permanent Partnership Council in Finland in September 2006 in view of the increasing congestion at EU borders in the direction of Russia. The Working Group on Infrastructure and Logistics was merged with the Working Groups on Road and Rail Transport. The new working group covering Logistics, Infrastructure and Land Transport has been called "Working Group on Transport Modernization" and thus the number of permanent working groups was reduced to four.

A high level meeting between Vice President Kallas, responsible for Transport, and the Russian Minister of Transport Levitin took place in Brussels in February to discuss the state-of-play of the transport cooperation – in particular air transport (see below)- and agree on the future steps. Vice President Kallas met with Deputy Prime Minister Ivanov and Minister Levitin at the Aviation Summit.

Regarding the specific dialogues that took place during the year 2011, the following points were raised:

1. Working Group on Infrastructure and Logistics / Working Group on Transport Modernisation

The objective of the Working Group on Infrastructure and Logistics was to promote cooperation on transport strategies with a particular emphasis on the integration of the EU and Russian transport networks. The Group met for the last time in Brussels at the end of January (as it was later absorbed into the new Working Group on Modernisation). During that meeting, the emphasis was put on the proposed changes to the TEN-T approach that might also have an impact on the EU-Russia border crossings. Another focus was on ITS (Intelligent Transport Systems) and the presentation on the recently adopted EU ITS directive was followed by a discussion regarding similar programmes supported by the Russian Federation. A basic presentation of the Russian rail projects was made by a representative of the Russian Railways (RZD). It was agreed to go deeper in the projects (some of them having been included in the work programme of the EU Russia Partnership for Modernisation) during the next meeting of the working group. Although no meeting on Inland Waterway Transport took place in 2011, a thorough presentation on the future development of the Inland Waterway system in Europe was made in the meeting of the Working Group on Infrastructure and Logistics. A follow up of the presentation is expected in 2012 from the Russian side.

Following a proposal made by the Russian Federation accepted by the Commission, a new Working Group on Transport Modernisation was set up and its first meeting took place in July. The main issue tackled at that meeting was related to EU concerns regarding the lack of progress in the cooperation between the European Commission and the Organisation for Cooperation in Railways (OSJD), where Russia plays a leading role. Russia’s lack of support became apparent at the annual OSJD Ministers’ Conference held
in Beijing in September. Negotiations on a Memorandum of Understanding were ongoing in early 2012, and the working group could provide an appropriate framework for further discussions. Furthermore, the working group might provide an opportunity to promote an exchange of information and a possible cooperation on infrastructure development and traffic management issues with rail freight corridors organisations. Little information on rail projects was given at the first meeting of this working group and the discussion on ITS was mainly focussed on the internal organization of services of the Russian Ministry of Transport in charge of this question. The next meeting is foreseen in the first half of 2012.

2. **Working Group on Transport Security**

The objective of this Working Group, established in 2005, is to promote and enhance cooperation to prevent acts of terrorism against transport and infrastructure. No meeting took place during the year 2011 and concrete progress in the area will be monitored during the next dialogue meeting that is expected to take place in Brussels in the first half of 2012.

3. **Air Transport**

The EU-Russia Aviation Working Group met in Brussels in May and July. The single most important occasion to discuss aviation issues was, however, the **EU-Russia Aviation Summit in St. Petersburg** (12-13 October 2011). At the Aviation Summit and throughout the year discussions focused on the following issues:

3.1 **EU Designation**

Finland and Russia agreed on changes to their bilateral air services agreement to bring it in line with EU law. Since then this example has been used to bring further bilateral agreements between EU Member States and Russia in line with EU law. The main issue is now to ensure that all bilateral agreements will be made compliant in due course.

3.2 **Safety/SAFA**

Discussions continued which resulted from ramp inspections revealing problems with Russian aircraft flying into the EU that did not have the obligatory ICAO equipment. It was concluded that this showed the need to significantly improve the overall cooperation to provide for reliable information on surveillance activities and enforcement actions. The EU proposed to prepare a Memorandum of Cooperation covering mutual access to safety information, including possible access to the SAFA Programme and any Russian inspection programmes, joint inspections and technical assistance.

During further consultations held in October the competent authorities of the Russian Federation (FATA) informed about various enforcement measures that had been imposed on certain types of non-compliant aircraft operated by Russian air carriers.
At the meeting of the Air Safety Committee on 8 November these authorities announced the revocation of air operators' certificates of 12 air carriers and the imposition of operating restrictions on other 6 air carriers performing commercial air transportation to the EU. Because of the decisions taken by the Russian authorities vis-à-vis air carriers under their regulatory control, the Air Safety Committee did not impose any EU operating ban.

The Commission and the Committee decided to closely monitor the corrective actions and overall safety performance of the air carriers whose operations had been limited. Subsequently, FATA informed about lifting the restrictions imposed on 4 carriers which had resolved all findings resulting from ramp inspections carried out in the EU. Enforcement measures on one of the remaining two air carriers continue to be in force, while the air operator certificate of the other one has been revoked.

The Commission and the Air Safety Committee will pursue a sustainable resolution of any safety non-compliances detected during SAFA ramp inspections through strengthening the cooperation and further technical consultations with FATA.

### 3.3 Siberian overflight royalties

In the framework of the negotiations of Russia's WTO accession, the Russian Minister for Economic Development, Ms Nabiullina and Commissioners De Gucht and Kallas agreed on phasing-out Siberian overflight royalties between January 2012 and December 2013. As of January 2014, payments of EU airlines will be restricted to cost-related and transparent fees and charges. The basis for this agreement had been prepared in 2006 through a set of "Agreed Principles", which, however, had not entered into force.

### 3.4 Inclusion of aviation in the EU emissions trading system (ETS)

Russia has expressed serious concerns about the inclusion of Russian airlines in the EU ETS under legislation that was adopted in 2008. Under the legislation, all airlines operating flights to and from EU airports will be submitted to submit allowances to cover their CO2 emissions from 1 January 2012 onwards. During 2011, two EU-Russia technical working group meetings on aviation and the ETS were held and further discussions are planned in 2012.

### 4. Working Group on Maritime and Inland Waterway Transport

The objective of this working group is to promote and enhance mutual understanding of current and future legislations and policies in the field of maritime, sea-river and inland waterway transport. The working group is designed to maintain a permanent, fluid dialogue between the Commission and high level officials of the Russian Federation Ministry of Transport in charge of files of key interest for EU Maritime policy, notably harmonised technical inspection of merchant ships in EU and Russian ports (Port State Control) and maritime safety conditions in "shared" seas, in particular the Baltic Sea area, but also the Black Sea area.
There was no meeting of this Working Group on 2011, mainly due to the change of Director in the Russian Maritime Administration. It is expected that a meeting will be planned for mid-2012. The principal areas of co-operation include the following topics:

4.1. Cooperation in the framework of Port State Control

The Russian Federation and all EU maritime Member States are members of the Paris Memorandum of Understanding (PMOU) on Port State Control. The Commission and the European Maritime Safety Agency (EMSA) work closely with the PMOU.

Since 1 January 2011 a new inspection regime (NIR) for Port State Control is in place and EMSA provides all PMOU Member States (including Russia) with the technical support necessary to introduce the New Inspection Regime (NIR) and operates the system for reporting of results of Port State Control inspections (the THETIS database). In the context of the PMOU, the Commission and EMSA enjoy a very good working relationship with the Russian Federation.

4.2. Cooperation in the exchange of maritime data: update of the pilot project on maritime data exchange

The parties have expressed their positive view in respect of a pilot project in the area of vessel traffic management information systems (VTMIS) connecting the EU VTMIS 'SafeSeaNet) with the Russian (MoPe) system in the Baltic Sea. While this proposed pilot project has been slow to materialise a team of experts from EMSA has recently visited (January 2012) their counterparts in Moscow to get a good understanding of the status of the MoPe system and its functionalities. This should avoid any technical incompatibility issues and carry this project forward.

The Northern Dimension Partnership on Transport and Logistics became operational in 2011, with a secretariat based at the Nordic Investment Bank (NIB) in Helsinki and a new director working since September 2011. The Partnership met several times in 2011 and will focus its work on Infrastructure issues as well as soft-measures relating to border crossings. The partnership initiated two studies to look at the bottlenecks related to border crossings, both of which will be carried out in 2012.

j. Agriculture, Forestry, Timber, Fisheries, Sanitary and Phyto-Sanitary Measures

i) Agriculture

The EU-Russia Agricultural Dialogue meeting took place in Brussels in June and was combined with the field visit in the Hungarian region “Szeged-Röszke”. The discussions focused on exchange of policy views and best practices in the area of rural development (Russia shared information regarding the recently approved project of the Concept of sustainable development of Russian regions for the period till 2020), market policies
(with a particular attention on cereals) and Geographical Indications (where the Parties expressed their willingness to explore closer the subject of protection of GIs). Such discussions should contribute to improve the mutual understanding of the agriculture policies, encourage transparency of the markets and, thus, possibly mitigate the negative effects over bilateral trade relations in agriculture products.

The JRC in an expert workshop in September presented projections for Russian agriculture production until 2020. Also, possible scenarios for a bilateral trade agreement between the EU and Russia have been analysed.

A study\(^2\) was launched late 2011 by the JRC to evaluate the role of Russia in global food security.

ii) **Forestry and Timber**

There is an EU-Russia dialogue on forestry and timber issues under the Regulatory Dialogue on industrial products – sub-group on forest-based industries. A subgroup on Forestry has also been established under the Environmental Dialogue. Please see under “a. industry related dialogues” and “environment”.

iii) **Sanitary and Phytosanitary issues**

The Dialogue on Sanitary and Phytosanitary issues (SPS) remained intensive. 2011 was marked by 2 major sanitary crisis related to dioxin in Germany and to the E. coli crisis, as well as by the negotiation marathon in view of Russia's accession to the WTO.

Numerous meetings were held with the Russian Federal Service for Veterinary and Phytosanitary Surveillance (*Rosselkhoznadzor*) (January in Berlin, February in Vladimir, February in Moscow, March in Minsk, May in Paris and Brussels, June in Grange, November in Brussels, December in Warsaw; audio-conference on dioxin and FMD); as well as 9 audio-conferences with Dr Onishchenko, the head of the Russian Federal Service on Surveillance of Consumer Rights Protection and Human Well-Being (*Rospotrebnadzor*). For the first time, representatives of Belarus and Kazakhstan also participated in meetings held between the Commission and Rosselkhoznadzor, given that an important part of veterinary matters are now regulated at Customs Union level. A meeting between Commissioner Dalli and the Russian Minister of Agriculture, Ms Skrynnik in Brussels in February, in the context of the meeting of the Russian government with the European Commission, was the occasion to discuss SPS conditions for market access. Cooperation on SPS border control continued in 2011 with a visit in March of EU experts to Russian border entry points Sheremetyevo Airport and St. Petersburg port.

\(^2\) Prospects of the farming sector and rural development in European Neighbourhood Policy countries in view of food security: The case of the Russian Federation
Negotiations on the SPS chapter of the Working Party Report for Russia's accession to the WTO intensified in 2011, with 12 meetings held, most of them in trilateral EU-US-Russia format. These were successfully completed in November, leading to the WTO Ministerial Conference's endorsement of WTO accession on 16 December. The SPS chapter of the working party report contains some 40 commitments in the SPS area that should benefit EU exports.

Four meetings on SPS issues took place in the framework of negotiations on a New Agreement between the EU and Russia. Approximately 300 letters on SPS issues have been exchanged in 2011 between the Commission (DG SANCO) and Rosselkhoznadzor, the Russian, Belarus and Kazakh Ministries of Agriculture as well as Rospotrebnadzor.

In 2011, similarly to 2010, the development of the Customs Union (CU) between Russia, Belarus and Kazakhstan and the rapid harmonisation of their SPS standards within the Customs Union was a major development for EU-Russia SPS relations, which brought a lot of uncertainty as regards the currently existing agreements.

Russia imposed for 3 months a ban on imports of vegetables from the EU following the outbreak of E. coli in Germany. Intensive contacts with Rospotrebnadzor allowed reducing the restrictions as a first step, with a mandatory certification scheme, before the restrictions were eliminated.

On veterinary issues, negotiations on bilateral EU-Russia veterinary export certificated had halted in 2010 due to the adoption by the Customs Union of uniform import certificate. Existing EU-Russia certificates however remain valid during a transitional period. The Commission initiated in 2011 a discussion with the three Customs Union partners, focusing during the first months of 2011 on the alignment of Customs Union veterinary norms with OIE standards. In the context of WTO negotiations, the possibility was obtained for the EU and other trade partners to negotiate with the Customs Union specific certificates that may differ from Customs Union uniform import certificates. The EU successfully initiated such negotiations in the last quarter of 2011, and 3 EU-Customs union certificates could be provisionally agreed in January 2012, subject to confirmation by Belarus and Kazakhstan.

In respect to BSE, the technical discussions allowed maintaining EU beef meat exports to Russia and the Customs Union in spite of the change in the age of testing at slaughterhouses.

Russia also requested further access to the EU market in particular for as poultry meat as well as bovine, porcine and poultry meat products obtained from EU raw materials and processed in Kaliningrad. While some additional guarantees for poultry meat are still necessary, the Commission intends to propose in the coming weeks the authorisation of imports of meat products from Kaliningrad.

With the adoption of the Customs Union, most of the SPS requirements (except for phyto) are now harmonised between Russia, Belarus and Kazakhstan. The EU has
invested considerable efforts in translating the requirements and commenting on draft Technical regulations and Decisions; however it remains to be seen to what extent these comments are taken into account. So far no answer to these comments was received except for the milk Technical Regulation.

Cooperation on harmonisation with the Russian Federation still continued, and Rospotrebnadzor announced coming harmonisation for tetracyclines, heavy metals and nitrates in the first semester of 2012.

As regards Ractopamine and meat and bone meal, the Russian side expressed its intention to harmonise at maximum with the EU provisions.

On *phytosanitary issues*, Rosselkhoznadzor continued to push for the conclusion of a Memorandum of Understanding on trade of plants with soil attached. It further complained about the EU import prohibitions for certain plants from non European territories. The EU refused to go beyond the International Plan protection Convention (IPPC).

As regards pesticides, further work on harmonisation has been carried out. The lifting of the safety certificates was obtained however it was implemented by Rosselkhoznadzor in such a way that it created numerous problems at the border in the first month. Rosselkhoznadzor set up schemes by which it gives preferential treatments to exporters that subscribe to association schemes, without legal basis or transparency. The Commission complained about this on the grounds of discrimination between exporters.

The objectives for 2012 are to ensure correct implementation of the commitments taken by the Russian Federation in the WTO framework, to continue negotiations on EU-CU veterinary certificates, to continue technical discussions with Rospotrebnadzor, to progress in the harmonisation of Russian norms with international standards, in particular in the field of antibiotics residues, microbiological standards and nitrates maximum limits and to maintain trade flows in agricultural products.

iv) **Fisheries**

**Joint Baltic Sea Fisheries Committee (JBSFC)**

Two meetings took place (in Kaliningrad and Brussels) under the aegis of the Bilateral Agreement on Cooperation in Fisheries and the Conservation of Living Marine Resources in the Baltic Sea. Agreement was reached on common principles for the future establishment of Total Allowable Catches for shared fish stocks through cooperation on a long-term approach to fisheries management and on strengthened scientific cooperation in the framework of the International Council for the Exploration of the Sea (ICES).

Two working groups were established under the JBSFC. A working group on "Long-Term Management Plans" will look into the diverse management practices applied by the two parties, and scope areas for convergence. It held its first meeting in June. A working group on "Control, Monitoring and Enforcement" was established to build cooperation
between the Parties and identify –as appropriate, opportunities for future joint operations. The group held its first meeting in June. Russian observers participated actively in a training session for fisheries inspectors by the European Fisheries Control Agency and hosted by the Lithuanian authorities in Vilnius in September.

**Fisheries Dialogue**

The first meeting of the Dialogue on Fisheries between DG MARE and the Federal Agency for Fisheries took place in Brussels in February. The meeting offered the opportunity to review the range of issues across the breadth of regions in which the Russian Federation and the European Union have fisheries interests.

Within the framework of Regional Fisheries Management Organisations (RFMOs) the status of discussions on North Atlantic stocks (NEAFC) was reviewed, and a proposal made to strengthen cooperation through preparatory consultations.

The Russian delegation presented a review of their first year experience in implementing the EU's Illegal, Unreported and Unregulated (IUU) Fishing regulation's catch certification scheme. A technical discussion followed to help address some of the challenges identified.

The Russian delegation expressed interest in exploring the potential for cooperation in the exchange of aquaculture technologies and on the reproduction of aquatic living resources. The respective roles of the Commission and of Member States in aquaculture were presented, and information offered on EU research and exchange programmes for scientists and students (e.g. TEMPUS).

With regards to scientific cooperation, the Russian delegation attended the Regional Coordination Meeting with Member State authorities for fisheries data collection for the Baltic Sea on 29/8-1/9. Russian scientists were also invited to attend the Regional Coordination Meeting for fisheries data collection for the Black Sea in May. The Russian delegation was unable to attend but confirmed interest in cooperation at a scientific level.

The Russian delegation expressed particular interest in collaboration on eels restocking in the Baltic Sea. The ban agreed under the EU CITES Regulation, on the import and export of eel and eel products from the EU was discussed. The Russian delegation was invited to present their analysis on the status of the Baltic eel stock to the EU CITES Scientific Review Group, which they did at their meeting in October.

**Regional Fisheries Management Organisations**

Both Parties are members of a number of Regional Fisheries Management Organisations (RFMOs) including those in the North Atlantic, Antarctic and Pacific oceans. The EU pursued discussions with Russia and other Parties in the framework of the North Atlantic Fisheries Organisation (NAFO) and the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR). The EU raised points of concern on the catch reports of the Russian Federation in the South Pacific RFMO. A bilateral preparatory meeting on proposing the level for 2012 catches of Rockall haddock in the North East
Atlantic (NEAFC) took place in Moscow in September.

Cooperation on Maritime Affairs

During 2011 a number of letters were exchanged with the Ministry of Foreign Affairs and the Russian Embassy in Brussels scoping mutual interest in the creation of a Dialogue on Maritime Affairs. This resulted towards the end of the year in the identification of a set of agenda items for a first meeting in early 2012.

Cooperation was pursued in the Baltic Sea in the context of HELCOM, the Council of the Baltic Sea States (CBSS) and the Baltic Sea States Sub-regional cooperation. Maritime spatial planning around the Baltic is discussed in the joint HELCOM-VASAB (Visions and Strategies around the Baltic Sea) working group on maritime spatial planning. In the context of the EU Strategy for the Baltic Sea Region, Russia expressed interest in engaging in on a number of maritime issues\(^3\) such as biodiversity, "smart transport", maritime surveillance, implementation of the MARSUNO project\(^4\), or a feasibility study to establish a Baltic Sea Coastal Patrol Network and cooperation to combat cross-border crime.

The EU also expressed interest in strengthening cooperation in the Black Sea but no official contact at technical level has been established yet with the Russian administration on this issue. The above mentioned Dialogue on Maritime Affairs will provide an opportunity for this.

In the framework of the Arctic Council, a decision on granting the EU full observer status was deferred to 2013.

High-Level meetings

Commissioner Damanaki met twice with Head of the Russian Federal Fisheries Agency, Mr. A. Krayniy in 2011. The first meeting took place within the framework of the European Commission - Russian government meeting in Brussels in February, whilst the second was an official visit of the Commissioner to Kaliningrad in early June.

The meetings aimed to take stock of the work underway and provide political impetus for progress to be made in particular on the sustainable management of fishery resources in the waters under shared jurisdiction in the Baltic and Black seas, and on strengthening cooperation on combating IUU fishing.

\(k.\) Interregional and Cross-Border Co-operation

\(^3\) A number of these fall under the remit of DG MOVE, and the EU-Russia Maritime Transport Dialogue.

\(^4\) MARSUNO (Maritime Surveillance in the Northern European Sea Basins) project supports the creation of a common information sharing environment between 9 Member States, Norway and 22 authorities.
A Regional Policy Dialogue was established in early 2007. Six seminars and high level meetings have taken place, in October 2007, October 2008, October 2010 and October 2011 in Brussels and in June 2008 and May 2009 in Moscow, as well as a study visit of Russian representatives to Trieste in 2008 and a study visit of a Russian Delegation to Northern Ireland on the topic of cross-border cooperation and PEACE programme in May 2010. These events have brought benefits to both parties, leading to increased mutual understanding and to the consideration of new ways in which their respective policies for regional development might evolve.

The topic of "mono-sector cities" or company-towns (cities depending almost exclusively on a sector or single large employer) which have gone through or are facing restructuring and diversification has been identified as of particular interest for both sides (in particular, in the framework of the Partnership for Modernisation). Accordingly, a Seminar "EU-Russia cooperation on regional policy: integrated development plans in former single-industry towns ("mono-cities")" took place in Brussels last October. A proposal made under the EU-Russia Partnership for Modernisation for a policy-oriented study on restructuring mono-cities is currently under discussion with the Russian counterpart. The implementation of this action will depend on the level of commitment shown by the Russian counterpart, notably as regards their choice of appropriate Russian cities to be involved in the cooperation. The EU strategy for the Baltic Sea region also creates an opportunity to foster bilateral co-operation in areas identified as being of key importance.

**Cross Border Cooperation programmes:**

According to the ENPI Cross-border Cooperation Strategy Paper 2007-2013, the CBC programmes are being concentrated on the implementation of actions under 4 objectives: (i) economic and social development of the bordering regions, (ii) dealing with the common challenges vital for both sides of the border (environment, health, energy, etc.), (iii) assuring the efficiency and security of the borders, and (iv) allowing and developing “people to people” contacts.

2011 was marked with the active implementation of the CBC programmes (organisation of the call for proposals for grants and large scale infrastructural projects) and start of selected projects. Certain delays occurred in implementation of large scale projects since the process of designing, approving and tendering of large scale infrastructure projects in Russia is very lengthy and sometimes cumbersome. Discussion on a future set up of Cross-border Cooperation Programmes with Russia’s participation started between relevant stakeholders: EC, EU MS, RF Government and regions.

**1. Public Health**

The terms of reference of the Dialogue on Public Health were signed by Commissioner Vassiliou and Health Minister Golikova in Moscow in May 2009. The first meeting of the Working Group of this Dialogue took place in February.
At that meeting it was agreed to organise 3 subgroups: communicable diseases, food safety and pharmaceuticals. Other issues could be treated on an ad hoc basis.

In July, meetings of the subgroups on communicable diseases and food safety took place, as well as a specific meeting on rare diseases. In December, the subgroup on pharmaceuticals met, and specific meetings on medical devices and rare diseases took place.

Cooperation in 2012 will include exploratory work on clinical trials, common exchange of information on communicable diseases, mainly pandemic influenza, and participation in the EUCERD (Committee of Experts on Rare Diseases).

The Northern Dimension Partnership of Public Health and Social Wellbeing (NDPHS) has continued its work around the priority themes of communicable and non-communicable diseases, alcohol and drug prevention, and social inclusion.

A project was launched in December 2011 under the Partnership for Modernisation facility to intensify EU-Russia cooperation related to pharmaceuticals and the mutual recognition of clinical trials. It is being implemented in cooperation with DG SANCO and the Russian MHSD.

Three new grant contracts were signed in 2011 related to public health as a result of the special Call for Proposals for the Baltic Sea Region within the priorities of the Northern Dimension. They relate to alcohol and drug prevention in the Leningrad oblast, rehabilitation centres for IDUs in the Kaliningrad regions, and the primary health care of indigenous people in the Nenets Autonomous Okrug.

Three new grants contracts were signed in 2011 related to HIV/AIDS prevention as a result of the thematic Call for Proposals on HIV/AIDS. The projects are addressing services for IDUs, MSM and other vulnerable groups of the population, as well as human rights and stigmatisation of HIV+ persons.
Next Steps:

a. **Industry Related Dialogue**

i. **Regulatory Dialogue on Industrial Products:**
   - Automotive industry: two meetings foreseen in 2012, first planned for 20 April 2012;
   - Textile: Moscow (or St. Petersburg) May 2012 (tbc);
   - Forest based industries: Moscow or St. Petersburg May 2012;
   - ICT, radio and telecom: group stalled
   - Conformity Assessment and Standardisation: meeting planned for April 2011 and intention to organise another two meetings in 2012;
   - Construction: meeting took place on 26th of January 2012
   - Plenary meetings of all the co-chairs of this dialogue most likely in May 2012.

ii. **Industrial/Enterprise Policy Dialogue:**
   - SG Mining and Metals: no meeting fixed yet
   - SG SME and Enterprise: March 2012;
   - SG Chemicals: next meetings planned for May 2012;
   - Plenary meeting of all the co-chairs of this dialogue most likely in May 2012.

iii. **Information Society:**
   - 7th EU-Russia Information Society Dialogue planned to take place in Brussels in March-April 2012.
   - Meetings at WG level (ICT Research and eInfrastructures) and Expert level (regulation of electronic communications, safer internet) planned to take place in the 1st half of 2012
   - A workshop between representatives of the ICT European Technology Platforms (ETPs) and ICT Russian Technology Platforms (RTPs) is expected to take place in the first half of 2012.

iv. **Space:**
   - The next meeting of the trilateral EC/ESA/Russia space cooperation steering board is expected to take place in Moscow in spring 2012.

b. **Trade Related Dialogue**
i. IPR Dialogue

- Next meeting is planned in Moscow for 2012.

ii. Trade and Investment Dialogue:

- The next meeting of the EU-Russia Trade and Investment dialogue should take place in the first half of 2012. The next meeting of the trade subgroup is planned for March 2012. No date has yet been fixed for the investment subgroup.

iii. Public Procurement Dialogue:

- Next meeting is planned in Moscow for the second semester 2012.

c. Customs and Cross-border cooperation

- The next meeting of the EU-Russia Working Group on Customs Border Issues is expected to take place in the first half of 2012.
- An expert group is being set up with participation of Member States on AEOs/risk management. Study visit to Poland for Russia's officials to familiarise themselves with EU AEO system and risk management can take place early 2012.
- Expert group will be set up with participation of Member States on legislative convergence and should meet in early 2012 in Moscow, to discuss customs valuation and transit.
- Meeting of Commissioner Semeta and the Head of Russian Customs Belyaninov planned for the first half of 2012.
- Signing the joint statement on the establishment of the Early Warning Mechanism by Commissioner Semeta and the Head of Russian Customs Belyaninov in the first half of 2012.
- Finalisation of the evaluation project on the practical effects of the EU-Russia customs cooperation strategy, including the pilot project on exchanges of advance information, in the first half of 2012.

d. Competition

- The informal contacts as described for the year 2011 will continue. DG Competition and the Federal Antimonopoly Service (FAS) will continue to promote development of competition and strengthen cooperation implementing the 2011 Memorandum of Understanding.
e. Financial Services/Macroeconomic Policy

- The next Plenary meeting, covering macroeconomic issues and financial services, is foreseen in Moscow in autumn 2012;
- The next working groups on accounting/auditing, on banking and securities, and insurance will be scheduled in Moscow towards the end of the first semester;
- The next working group on exit strategies and sustainable growth will be organised in Moscow in spring 2012;
- A Memorandum of Understanding between Rosstat and Eurostat is due to be signed in the first half of 2012;
- Further seminars on key statistical domains, for example on environment statistics, are foreseen between Eurostat and Rosstat in 2012 aiming at further harmonisation of statistics.

f. Energy

The provisional schedule of the Dialogue for the first half of 2012 foresees the following meetings:

- 2nd meeting Gas Advisory Council, (Vienna, 24 January)
- Meeting of Co-chairs of TG Energy Efficiency and Innovation (13 February)
- Meetings of TG Energy Markets and Strategies, (Moscow 2 March; Brussels April/May)
- Meeting of TG Electricity, Brussels, (March, tbc)
- Meeting of TG Nuclear energy (March, tbc)
- 3rd meeting of Gas Advisory Council
- Workshop in energy efficiency policies and financing (co-organised by DG JRC; June, St. Petersburg).

g. Environment:

- Implementation of Russian components of the ENPI Eastern Regional projects on, Waste Governance, Air Quality, Climate Adaptation and a Shared Environmental Management System. Preparation of phase two of the Forest Law Enforcement and Governance project.
- Follow-up actions to implement the work programme on environmental monitoring agreed between the European Environment Agency and the Russian authorities.
- A joint EU-Russia conference on waste as a business opportunity will be held in Moscow in May 2012.
- Meetings of the Forestry, Water/Marine Issues, Water and Marine Issues and Biodiversity sub-groups are planned for the first half of 2012.
- The next meeting of the PPC-Environment is foreseen in the second half of 2012.
The next meeting of the NDEP Assembly of Contributors is scheduled for 20 November 2012.

**h. Climate Action**

- Meetings of the Aviation ETS WG
- EU-Russia Climate Change Subgroup: meeting in Brussels in February 2012.

**i. Transport**

- Implementation of Agreed Principles in accordance with the agreement reached in November 2011.
- Aviation: meeting on 27 January 2012
- Transport Security: meeting in February
- Maritime and Inland Waterway Transport to meet in mid-2012
- Transport Modernisation, meeting in first half of 2012

**j. Agriculture, Forestry, Timber, Fisheries, Maritime, Sanitary and Phyto-Sanitary Measures**

- The momentum achieved in 2011 in fisheries discussions with the Russian Federation is foreseen to continue in 2012, with additional meetings envisaged on maritime affairs.
  - A meeting to scope the potential for establishing a Dialogue on Maritime Affairs will take place in Brussels in March or April.
  - The second meeting of the Fisheries Dialogue will probably take place in March, in the Russian Federation.
  - Up to a further two meetings are foreseen in 2012 of the Joint Baltic Sea Committee. These meetings will most likely take place in the first semester.
  - The Working Group on "Control, Monitoring and Enforcement" under the JBSFC is scheduled to meet next at the European Fisheries Control Agency in Vigo (Spain) at the end of March.
  - The Working Group on "Long-Term Management Plans" will hold one or two meetings in 2012.

**k. Interregional and Cross-border Co-operation**

- All five CBC programmes with Russia are in the active stage of implementation (13 calls for proposals organised, 103 projects selected, 49
contracts signed). The Lithuania-Poland-Russia programme is lagging behind with respect to the others as it was finalising the selection process for the first call for proposals in February 2012.

l. Public Health

• Meetings for 2012 have not yet been fixed.
EU-RUSSIA COMMON SPACE
OF FREEDOM, SECURITY AND JUSTICE

Objective

At the St. Petersburg Summit of May 2003, the EU and Russia agreed to establish a Common Space of Freedom, Security and Justice. A Road Map agreed in 2005 sets out the objectives for cooperation in this area for the short and medium term. Ministers monitor the overall implementation of this Common Space at the biannual meetings of the EU-Russia Permanent Partnership Council (PPC) on Justice and Home Affairs. The regularity of these meetings ensures constant monitoring of progress and allows focused debate on topical issues on our common agenda. Two PPC meetings were convened during the course of 2011. On 19 May in St. Petersburg and on 10-11 October in Warsaw, the Russian side was represented by Mr Alexander Konovalov, Minister of Justice and Presidential Special Envoy for EU-Russia JLS cooperation, and Mr. Sergey Bulavin, State Secretary, Deputy Minister of Interior. The EU side was represented by Commissioner Malmström as well as Ministers of the Interior and Justice of the incumbent Presidency and representatives of the forthcoming Presidency.

EU Policy Aims

Cooperation in this area is a key component in the EU’s efforts of developing a strategic partnership with Russia. Many of the issues are of direct concern to citizens on both sides of the external border. While in some areas results of cooperation have been positive, the aim must be to ensure a balanced implementation of the Road Map as a whole.

EU-Russia cooperation contributes to the objective of “building a new Europe without dividing lines and facilitating travel between all Europeans while creating conditions for effectively fighting illegal migration” as agreed in the 2005 Road Map. Moreover, the EU has a considerable interest in strengthening cooperation with Russia by jointly addressing common challenges such as organised crime, terrorism and other illegal activities of cross-border nature. It is important for the EU also to develop cooperation with Russia on justice related matters.

Cooperation shall be carried out on the basis of common commitments to democracy, respect for human rights and fundamental freedoms. As a consequence, the EU aims to ensure that the discussion on these issues is not confined only to the bi-annual Human Rights Consultations but is addressed to the extent possible also in the PPC meetings and other meetings taking place within the Space on Freedom, Security and Justice.

Institutional framework and monitoring mechanism

Monitoring of the process of implementation of the Common Space on Freedom, Security and Justice takes place particularly at the PPC. It is complemented by informal dialogue and expert meetings. In addition, the Joint Monitoring Committees established
by the EC-Russia Visa Facilitation and Readmission Agreements meet at regular intervals to discuss implementation and interpretation of the Agreements.

**Permanent Partnership declarations**

The PPC Joint Statement of May welcomed progress in the finalisation of the “Common Steps towards visa free short-term travel” and launched the EU-Russia Dialogue on Migration.

The Joint Conclusions of October welcomed the finalisation of the Common Steps at Senior Officials level and discussed the perspectives for engaging in negotiations of a visa waiver after the implementation of the list of the Common Steps. In addition, the Parties looked forward to the conclusion of the negotiations of the amended Visa Facilitation Agreement and endorsed the Migration Dialogue Work Plan for 2011-2012. Furthermore, they reiterated their common interest to cooperate in the fight against corruption, including through implementation of their international anti-corruption commitments.

**Progress**

**a. Freedom**

The implementation of the agreements on Readmission and Visa Facilitation has been closely monitored by the respective Joint Committees where the EU is represented by the Commission assisted by the Member States' experts. The Joint Committee on Visa Facilitation met in April, while the Joint Readmission Committee met in July and December. The negotiations on the upgraded EU-Russia Visa Facilitation agreement were launched in April and three rounds of negotiations were held (April, June and October). Substantial progress has been made.

The Visa Dialogue “Common Steps towards visa free short-term travel of Russian and EU citizens” were elaborated and negotiated in the course of 2011. After seven meetings of Senior Official level and numerous expert level sessions, the Common Steps were finally adopted and launched at the EU-Russia Summit of 15 December.

The EU and Russia launched the Migration Dialogue at the May PPC and its first meeting took place in Moscow in June. The October PPC in October endorsed a detailed Work Plan for 2011. The first thematic meeting on international protection took place in December in Moscow.

Negotiations on bilateral local border traffic agreements between Russia and Lithuania, and Poland respectively were ongoing in 2011. Following the adoption of the amendment of the Local Border Traffic regulation covering the entire Kaliningrad region and certain Polish administrative districts, the negotiations on the agreement
between Russia and Poland were finalised and the two countries signed the agreement on 14 December in Moscow.

Dialogue on border management and cross border cooperation issues has continued intensively. (See also section on Common Economic Space for cooperation on border infrastructure.) On the basis of their working arrangement on operational cooperation, Frontex and the Russian Border Guard Service have been implementing their cooperation plan through mutual visits and participation in trainings and operational activities involving also competent authorities of several Member States.

b. Security

A meeting between EU Member State Liaison Officers and representatives of Russian law enforcement agencies took place in Moscow on 26 October.

Cooperation between Europol and Russian law enforcement authorities has been further outlined on the basis of the existing strategic agreement, including on illegal immigration and trafficking in human beings, money laundering, counterfeiting currencies and documents as well as drugs.

After the launch of the negotiations on the operational agreement between Russia and Europol in October 2010, three further rounds of negotiations took place in April, July and November 2011 bringing the process to a very advanced stage. The standards of the Council of Europe's 1981 Convention for the Protection of Individual with regard to Automatic Processing of Personal Data and of the 2001 Additional Protocol thereto remain an important factor for the conclusion of these negotiations.

A seminar on anticorruption took place in December focusing on lessons learnt from the experience of EU Member States in the fight against corruption and the role of civil society.

In 2011, good progress was achieved in the negotiations on an EU-Russia agreement on Drugs Precursors. The final round of negotiations was held in April but data protection issues still need to be tackled. The EU-Russia Consultations on Drugs were held in Brussels in November.

In 2011, some projects were concluded on the development of Russian legislation on migration and asylum, anti-money laundering and the fight against financing of terrorism as well as fighting trafficking in human beings. Training events were carried out to raise awareness and skills in these areas.

A small project (€ 150,000) financed by TACIS and implemented by the United Nations Office on Drugs and Crime (UNODC) conducted a Russia-wide survey that feeds into the annual comparative study of substance abuse among school youth within the framework of the European School Project on Alcohol and other Drugs (ESPAD). It also analysed the impact of drug trafficking in Russia and its implications for the EU.
c. Justice

Eurojust and the Russian Prosecutor’s Office have been engaged in talks on a cooperation agreement since 2006, and these negotiations continued in 2011. The last negotiating round took place in March. Difficulties in making progress towards a Eurojust-Russia agreement are related to data protection. In particular, the implementation of national data protection legislation fully incorporating the standards of the Council of Europe's 1981 Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data and of the 2001 Additional Protocol is a key issue.

Russia has ratified (instruments deposited in July 2011) an important Hague Convention in the field of family law, i.e. the 1980 Convention on the Civil Aspects of International Child Abduction. The 1980 Child Abduction Convention entered into force in Russia on 1 October 2011. To date, Russia has not yet designated the Central Authority that is needed to assist the European citizens in cases of wrongful removal of children to Russia.

Two large scale TACIS projects supported the reform of the judiciary system in Russia were concluded in 2011. The first project focusing on access to justice was launched at the end of 2008 and finished in June 2011. In parallel, a second project on execution and efficiency of justice started in September 2009 and finished in December 2011.

In 2011, the implementation of a project on Application of the Hague Conventions on Protection of Rights of Child in the Russia Federation was ongoing.

The overall objective of the project was to strengthen the rule of law in the Russian Federation through the optimization of mechanisms of international and intergovernmental cooperation in the sphere of regulating mixed marriages and rights of child stemming from the application of the Convention on the Civil Aspects of International Child Abduction (The Hague, 25 October 1980) and the Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Cooperation in Respect of Parental Responsibility and Measures for the Protection of Children (The Hague, 19 October 1996).

Activities included: The establishment of additional guarantees for the protection of the rights and legal interest of children in the Russian Federation; Optimization of the mechanisms for using universal instruments of intergovernmental cooperation in the sphere of regulating mixed marriages and family law on the whole; Strengthening the mechanisms of mutual recognition and execution of court decisions with the governments of the member states of the European Union; Strengthening the mechanisms of mutual legal assistance in civil and criminal cases in the sphere of family law with the governments of the member states of the European Union; The development of mutual cooperation with the governments of the member states of the European Union in the sphere of family law.

Main Result achieved was the following: The Russian Federation has joined the indicated
Conventions and has concluded bilateral agreements on mutual legal assistance in civil cases that will promote the protection of the rights and legal interests of underage children, the rights and responsibilities of parents (legal representatives), and also the creation of an additional legal framework for the resolution of family conflicts.

Under Partnership for Modernisation, a new project was launched on the Introduction of the appeal in the Russian judiciary system. The Project started in March 2011. The overall objective is to contribute to the establishment of a fully fledged appeal within the system of courts of general jurisdiction through the development of relevant legislation and the provision of assistance in the structural reforms.

The activities to be realised are the following: Analysis of the current Russian system of review of court decisions in the light of European standards; Contribution, as required, to the development of draft legislation necessary for the legal and structural changes related to the establishment of the appeal system of courts of general jurisdiction in Russia; Elaboration of methodological recommendations on the necessary actions for the introduction of the appeal, as well as the related amendments to the cassation review and the supervisory control over judicial decisions; Elaboration of training methodology, preparation of modules and training materials for the implementation of the new system of appeal; Implementation of workshops/seminars on the implementation of the appeal reform; Evaluation of the legislative changes related to the introduction of the appeal and of the implementation of the appeal reform.

d. Human Rights

Fourteen rounds of the EU-Russia human rights consultations have taken place. Two of them in 2011: in May and in November, both in Brussels. They provided for an open dialogue on a range of human rights issues in Russia, in the European Union, and in international fora. Particular themes highlighted were: freedom of expression, freedom of assembly and association, the situation of human rights defenders, rule of law, functioning of the judiciary, electoral rights, racism, xenophobia and fight against discrimination, including in particular the LGBTI rights, rights of the child, co-operation on human rights in international fora (UN, Council of Europe, OSCE), and the Northern Caucasus. The EU and Russia also had an opportunity to submit enquiries with respect to specific individual cases. In keeping with the EU’s practice of incorporating the voice of civil society into its meetings on human rights with third countries, the EU met representatives of Russian and international NGOs prior to each round of consultations.

To make the consultations more effective and results-oriented, the EU continued urging Russia to change modalities of the human rights consultations, notably by involving ministries and agencies other than the Ministry of Foreign Affairs, holding the consultations alternately in Russia and the EU, and meeting with Russian and international NGOs. This issue has been addressed at the two EU-Russia Summits, both in Nizhny Novgorod on June, and in Brussels in December, and discussed between Presidents van Rompuy and Medvedev, and a letter exchange took place. So far,
however Russia has not agreed to change the format of the talks.

The EU continues to highlight its concerns with regard to Russia’s respect for the commitments it has entered into in the UN, the OSCE, and the Council of Europe. Since 2011 was an election year, the electoral rights of the Russian population was among key issues discussed with the Russian Federation, from the issue of political party registration, to fair access to resources and media, to freedom to assembly when it came to opposition gatherings, to election observation. A few statements were issued by HRVP Catherine Ashton in this regard in the run-up and well as right after the elections.

The difficult situation for human rights defenders and a number of violent attacks against journalists and prominent activists in the Russian Federation as well as limitations on the respect for freedom of expression, freedom of association, and freedom of assembly remain of great concern to the EU. There have been no results of investigations into the murders of human rights defenders such as Estemirova, nor the deaths in pre-trial detention of Magnitsky and Trifonova. On 27 December the Head of the Presidential Council on Human Rights and Civil Society, Mikhail Fedotov, handed to President Medvedev reports related to Sergey Magnitsky and Mikhail Khodorkovsky. Preliminary report on the Magnitsky case found, among other things, that Magnitsky was handcuffed and beaten to death with rubber batons by eight guards in his last hour and then left to die slowly. These findings have been rejected by the Ministry of the Interior. Meanwhile, the judicial case against dead lawyer Sergei Magnitsky was re-opened 2 years after his death, whereas the circumstances of his death in pre-trial detention remain to be fully investigated.

The human rights situation in the Northern Caucasus has not improved, and there continued to be numerous reports of torture, abductions, arbitrary detentions, and violations of women’s rights, including “honour killings” and domestic violence. The impunity for these crimes remained pervasive. In neighbouring republics, in Ingushetia and Dagestan in particular, the situation further deteriorated. The number of attacks linked to racism and ethnic hatred are still a matter of concern. The final verdict in the second trial of Khodorkovsky and Lebedev raised numerous concerns about the irregularities of a fair trial. HR/VP Ashton issued a statement in this regard.

The important positive developments included some modernisation efforts, in particular those related to the rule of law (launching of a number of reforms in the area of judiciary, penitentiary and law enforcement) and political pluralism (reducing Duma entry threshold from seven to five percent, launching amendments with regard to political party registration and on the election law). The Action Plan under the aegis of the Partnership for Modernisation includes EU support to the reform of the appeals’ court system in Russia.

Declarations and statements were issued by the EU High Representative Catherine Ashton on the following subjects:

24/05/2011 Mikhail Khodorkovsky and Platon Lebedev case
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>22/06/2011</td>
<td>Party Registration Russia.</td>
</tr>
<tr>
<td>7/12/2011</td>
<td>Detention of protesters in Russia.</td>
</tr>
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</table>
e. **Cooperation in the field of civil protection**

The objective of this priority is to strengthen dialogue and cooperation, and to promote EU-Russian common ability to respond to disasters and other emergencies.

Work on this priority has primarily been taken forward through the signature on 25 June 2008 of an administrative arrangement between DG ECHO (previously DG Environment) and the Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters of Russia (EMERCOM) on cooperation, mutual assistance and aviation support in the response to emergencies. This arrangement replaces an earlier version of 2004.

The arrangement allows the Commission to obtain information on available Russian air transport capabilities and their price during major emergencies. As strategic air capacity is essential to the timely delivery of EU Civil Protection assistance to countries affected by disasters, access to additional Russian aircrafts could be of particular importance in some EU Civil Protection operations. Standard operating procedures for transport collaboration have been established. Table top exercises and testing of the procedures have been carried out with satisfactory results.

The aforementioned arrangement also ensures reciprocity by pledging mutual assistance during major emergencies and a closer cooperation between the Monitoring and Information Centre of the Commission (MIC) and EMERCOM on the assessment of environmental impacts of disasters.

In the implementation of the arrangement, contact details and alert templates of the two services have been exchanged and communications exercises carried out. Exchange of information takes place during emergencies wherever appropriate. Mutual exchanges of experts of the MIC and representatives of EMERCOM take place annually on a rotating basis. The last visit of EMERCOM experts to the MIC took place in November 2011 and it is planned that the MIC experts will visit EMERCOM in May 2012. Russian experts participate in EU training courses and Russia's quota on the European Civil Protection Mechanism Training Programme remains in 2012 the same as for the previous year (5 places).

**Next steps**

- To continue parallel implementation of the Readmission and Visa Facilitation Agreements, monitor it in the respective joint committees and to finalise the revision of the Visa Facilitation Agreement;
- To implement the list of common steps in the context of visa dialogue;
- To pursue the dialogue on migration in line with its work plan;
- To conclude bilateral local border traffic agreements between Russia and neighbouring EU Member States;
- Liaison Officers Meeting, spring, Moscow;
• To finalise negotiations on a Europol-Russia operational agreement;
• To continue negotiations on an EU-Russia agreement on the control of drugs precursors;
• Continue exploring possibilities for Russia's accession to relevant Hague Conventions;
• Continue exploring possibilities for Russia’s accession to and full implementation of the Council of Europe Convention on the Automatic Processing of Personal Data and of the 2001 Additional Protocol thereto;
• To continue negotiations on a Eurojust-Russia cooperation agreement;
• Two rounds of human rights consultations are planned for 2012;
• To continue with efforts to change the modalities of the human rights consultations, in line with the review of the human rights consultations, which was carried out in 2010;
• Russia and the European Commission recognize the increasing effectiveness of investing in prevention, mitigation and preparedness activities; they intend to revise and extend the existing administrative arrangement for cooperation in those areas and are cooperating in order to sign an extended administrative arrangement before the end of 2012.
EU-RUSSIA COMMON SPACE ON RESEARCH AND EDUCATION, INCLUDING CULTURAL ASPECTS

Progress

a. Research and innovation

EU-Russia cooperation in research and innovation continues to be strong and to play an important role in overall EU-Russia cooperation. There are currently three international agreements with Russia covering science and technology (S&T) issues. An S&T Cooperation Agreement has existed between the EU and Russia since 1999. There are also two Euratom-Russia Agreements in nuclear safety and nuclear fusion. An agreement on the peaceful uses of nuclear energy is currently being negotiated. A trilateral dialogue on space - EU-European Space Agency-Russian Space Agency (Roscosmos) - also covers research issues. Actions in research and innovation cooperation also form an integral part of the work plan of activities under the EU-Russia Partnership for Modernisation.

Ten thematic working groups have been established under the Joint Committee: health; food, agriculture and biotechnology; information and communication technologies; nanotechnologies and new materials; energy; aeronautics; environment; research infrastructures; e-infrastructures; and researcher mobility. The latter three working groups are new; their terms of reference were signed in 2011. Additional working groups exist in the area of nuclear fission and nuclear fusion. The working groups discuss a range of issues relating to research and innovation policy and programmes, such as research challenges of common interest, developing new and innovative ways of implementing common research agenda and activities, such as the coordination of research calls and the twinning of research projects, as well as monitoring and analysing ongoing actions. Recommendations for actions from the working groups are submitted for approval in the Joint Committee. In addition, in the context of the EU-Russia space dialogue, seven working groups have been established with Roscosmos: three co-chaired by the European Commission, four co-chaired by the European Space Agency, all of which, to some extent, cover issues relating to space research.

In the current and previous Framework Programmes, Russia has been the most successful international partner country, both in terms of the total number of participations and in terms of the total amount of EU financial contribution received. In the current Seventh Framework Programme (FP7), 475 Russian research organisations are involved in 302 projects, receiving an EU contribution of over €59 million. There are projects in all areas of research; the highest numbers are in the Marie Curie Actions for researcher mobility, research infrastructures, and transport, space, information and communication technologies and food, agriculture, fisheries and biotechnology research.

Russia has also singled out the EU and the EU Member States as its top priority partner
for international cooperation in research, joint activities in research at the level of the Union or the Member States are far higher than with any other country or world region.

Increasing emphasis has been placed on co-financing research activities in areas of mutual interest, through 'coordinated calls'. These calls draw on funding from both FP7 and the Russian Federal Targeted S&T Programmes. In total, eight coordinated calls have been launched with Russia to date under FP7, more than with any other third country, involving a budgetary contribution of about €31 million on both sides. The two projects that resulted from the first EU-Russia coordinated Call in ICT Research were launched in 2011. Each of these projects comprises one EU project and one Russian project, connected through a coordination agreement. The 2011 coordinated call on 'multi-scale modelling as a tool for virtual nanotechnology experimentation', resulted in three new coordinated projects.

The Joint EU-Russia S&T Committee met in Brussels in June to review the current cooperation and agree on a series of new cooperative actions. These were drawn up into a road map, setting out full information on current, planned and potential future bilateral research activities (the roadmap is available on the europa website\(^5\)). It was agreed that the EU and Russia would build on the history of successful cooperation to develop a strategic partnership for both research and innovation. Further discussions on the content and approach for this partnership are currently ongoing. As a result of the meeting, new coordinated calls in ICT and aeronautics, to be launched under the 2013 FP7 work programme, are under development. It was also agreed to promote further the opportunities for EU-Russian collaboration under the Seventh Framework Programme. A major, eight-city\(^6\) information campaign on the opportunities for Russia in the calls for proposals under the 2012 work programmes was held, for the first time in September 2011; similar actions are planned for 2012.

Four projects funded through the FP7 Capacities 'International Cooperation' Programme specifically target, or involve the Russian aerospace Federation. These projects, as set out in the following paragraphs, have continued to enhance the S&T policy dialogue and stimulate S&T cooperation between research organisations and researchers from both the EU and the Russian scientific communities.

The FP7 BILAT-RUS project ("http://www.bilat-rus.eu" www.bilat-rus.eu) which aims to enhance bilateral EU-Russian Federation S&T cooperation has provided assistance to the working groups under the S&T Cooperation Agreement. A key project deliverable is the web portal "http://www.st-gaterus.eu" www.st-gaterus.eu which offers information about the Russian S&T landscape and funding opportunities from the EU and Russia for the implementation of joint scientific activities. The project has published an interesting report on case studies of good cooperation practice in S&T.

The FP7 ERA.Net RUS project ("http://www.era.net-rus.eu" www.era.net-rus.eu) aims to strengthen S&T cooperation between the Russian Federation and EU by the coordination

\(^{5}\) http://ec.europa.eu/research/scp/index.cfm?lg=en&pg=countries

\(^{6}\) St. Petersburg, Nizhni Novgorod, Kazan, Yekaterinburg, Novosibirsk, Tomsk, Krasnoyarsk, Voronesh
of EU Member States’ research programmes towards and with Russia. The project has prepared a number of analytical studies, dealing with the Russian S&T system, bilateral programmes between EU Member States and Russia, a report on opportunities, and one on practical recommendations to stimulate Russia for thematic ERA.NETS projects. The project has issued two calls for proposals. The first was for innovation projects, which led to financing of over €3 million in 11 projects, jointly funded by Estonia, Finland, France, Germany, Greece, Norway, Poland, Russia, Spain, Switzerland, and Turkey. A second call, for S&T collaboration, with ca. €6 million project financing from Estonia, Finland, France, Germany, Greece, Norway, Poland, Russia, Spain, Switzerland, and Turkey, is currently under evaluation, with the projects expected to be selected by February 2012.

The FP7 ACCESSRU project (“http://www.access4.eu/russia” www.access4.eu/russia) aims to help EU researchers and research organisations to access the scientific and innovation programmes established within the Russian Federation. The project has shown that there is encouraging information for international researchers to apply for Russian programmes. International subcontracting is foreseen as another easy way of international collaboration, but it still faces some restricting obstacles, mainly related to financial regulations. Another report of the project shows that Russia has improved conditions for exchanges of scientists, including such issues as scientific visas; administrative procedures; social security; and scholarships. Russian participants also make a key contribution to the International S&T Cooperation Network for Eastern European and Central Asian Countries IncoNet EECA (“http://www.inco-eeca.net” www.inco-eeca.net).

Finally, the numerous bilateral cooperation programmes and activities of the EU Member States with Russia play a major role in the full realisation of the Common Space on Research. During 2011, a revised version of a compendium documenting these cooperative bilateral relationships was prepared by the EU Delegation to Russia, together with the Ministry of Education and Science of the Russian Federation and the Embassies of the EU Member States in Russia. The publication presents information on all of the most important elements of the vast EU-Russia scientific landscape.

The two projects that resulted from the first EU-Russia coordinated Call in ICT Research were launched in 2011. Each of these two projects comprise of one EU project and one Russian project having signed a coordination agreement. The projects are:

- **HOPSA (HOlistic Performance System Analysis)**; duration 24 months; funding: 1.4M Euros from the EU side and 20M roubles from the RU side.

- **APOS (Application Performance Optimisation and Scalability)**; duration 24 months; funding: 1.2M Euros from the EU side and 19M roubles from the RU side.

### b. Education

Education cooperation is centred on three broad strategic objectives: university cooperation and modernisation, academic and student mobility, and the promotion of
multidisciplinary EU studies. The EU-funded Tempus, Erasmus Mundus programmes, the EU-Russia co-funded European Studies Institute and EU Centres play a key role to achieve these objectives embedded in the roadmap.

Russia has made significant progress in aligning its higher education system with the requirements of the Bologna Process. However there are still obstacles to the development of more ambitious academic relations between Russian and EU universities: difficulties in recognising periods of study abroad, cumbersome administrative and accreditation procedures which make it almost impossible to develop joint (or double) degrees with Russian universities, widespread corruption, weak quality and governance, and a language barrier. Important measures were taken in 2011 to address a number of these obstacles.

**Easier recognition of foreign diplomas**

Russia attracts less than 3% of the world's international students - few compared to the US (20% in 2007), the UK (13%), France and Germany (8% each) or Australia (7%).

In an effort to attract more brainpower and increase the competitiveness of Russian science and education, the State Duma of the Russian Federation has adopted a bill, which will make it easier for foreign scientists and other academics to work or study in the country by simplifying the procedure of recognising the diplomas of leading foreign universities.

**Plans to increase the attractiveness of Russian higher education worldwide**

Russian universities do not feature prominently in global university rankings, mainly due to poor teaching and insufficient research. Part of the problem is that the country's scientific potential has been concentrated in the Academy of Sciences. Russia still faces a shortage of the highly skilled professionals needed to implement ambitious state plans to shift the economy onto a more innovative footing.

In 2011 the government of the Russian Federation has called for **urgent modernisation of Russia's higher education system** and has allocated RUB70 billion (€ 1.7 billion) to create an innovative educational infrastructure in Russian universities in the course of the next five years. Federal and national research universities will be supported as a priority, to promote their role in economic and regional growth. A RUB12 billion (€ 304 million) project has been launched to attract top international specialists to universities. The aim of the current modernisation process is to improve economic performance, develop scientific and technical expertise and build the reputation of Russia's universities internationally. Russian scientists generally support the idea of attracting foreign scholars as well as Russian scientists working abroad, but stress that the right conditions need to be created to allow them to carry out their work.

Federal universities are expected to provide effective teaching, and to concentrate their research in particular priority areas identified as strategically important for the region.

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7 Unesco figures.
The Russian government has also announced plans to fund up to 10,000 students a year to study abroad (at masters and doctorate levels) at the world’s leading universities over the next decade.

The prestige of higher education has been steadily declining and scepticism about the quality of higher education has spread among employers.

The EU Tempus, Erasmus Mundus and Marie Curie programmes have continued to contribute to the modernisation and internationalisation of the Russian higher education and research systems. The alignment with the Bologna Process is particularly important because it addresses the issue of the so far very low mobility of academic staff. A Mobility Working Group was set up in 2011 under the umbrella of EU-Russia Science & Technology Agreement. It aims at creating favourable conditions for researcher, student and academic mobility, in line with the overall objective of "reinforcing cooperation with a view to creating an EU-Russia Common Space of Research and Education”.

**TEMPUS**

In 2011, 11 Tempus projects involving Russian universities were selected, representing a budget of € 7.1 million. Among the selected projects are 5 multi-country projects and 6 national ones. One of the newly selected projects is coordinated by a Russian Institution, *The St. Petersburg State University of Aeronautic Instrumentation*, the rest involve Russian institutions as partners.

The selected projects cover various fields including Psychology, E-commerce, Automation, Mechatronics, Eco-Engineering, Forestry, English language, Marine Science, Food Science, IT and Traffic Safety.

Project details can be found at:


28 out of 34 projects involving Russian institutions carried out staff and student mobility actions of more than two weeks. 462 staff members and 86 students took part in mobility projects in 2008 and 2009.

To date, the Russian national priorities for Tempus IV have been curriculum modernisation, the European Credit Transfer System (ECTS) and recognition of degrees, the development of lifelong learning, and qualification frameworks. These priorities were maintained in 2011, with the addition of several new priorities such as university management and student services, quality assurance, institutional and financial autonomy and accountability, equal and transparent access to higher education development of international relations, development of partnerships with enterprises, knowledge triangle and training courses for public services. In addition, several new disciplines for curricular reform were added, such as the humanities, law, health and social services whereas some disciplines were withdrawn.
Tempus study was launched in 2011 to look at the management of human resources in public higher education institutions. The results of the study will be published in spring 2012 and will be followed by a series of regional seminars to discuss the results with stakeholders in the partner countries.

In December 2011, the study on "Preferred partnerships on Tempus (2008-2009) — Mapping by country" was completed. The aim is to highlight the privileged relations among Tempus countries.

Germany (55%) and Italy (40%) have been involved in more than 40% of the Russian projects. Also active links have been developed between Russia and France (32%), Poland (28%), United Kingdom (26%), Spain (25%), Austria (21%). The analysis of the study suggests that Russia has developed stronger links with certain central and east European countries: here Ukraine leads the list with 32% involvement.

Meanwhile, Russia is involved in 40-45% of the Belarus, Ukraine and Kazakh projects as well as 32% of the Moldovan and 20% Israeli projects. Russia has a strong presence in Latvian, Finnish and Polish projects. It is involved in respectively 40/38/38% of the projects of these countries. It is also involved (between 20-25%) in projects with the Czech Republic, Lithuania, Germany, Netherland, Slovakia, Denmark, Estonia, France, Greece and Ireland.

Russian Higher Education Reform Experts attended three international conferences on promoting learning mobility (Brussels, 21-23 March), on curriculum modernisation (Oslo, 6-7 June) and on enhancing quality of higher education through internationalisation (Lisbon, 6-7 October). Russian academics have been invited to perform as keynote speakers or workshop facilitators during these events.

University cooperation - with a focus on mobility - is supported by the Erasmus Mundus programme.

Under Action 2 of the programme, Erasmus Mundus Partnerships bring together universities from the European Union on the one hand and from a particular region in the world on the other. Together the partnerships manage mobility flows for a range of academic levels - undergraduate, masters, doctorate, post-doctorate - and for academic staff.

In 2011, three Erasmus Mundus partnerships were awarded grants for a total EU funding of € 9.44 million. As a result, 27 European and 30 Russian universities participate in this programme with the aim to implement 562 individual mobility flows of Russian students (undergraduate, masters, doctorate, post-doctorate) and academic staff.

In addition, under Action 1 of Erasmus Mundus, students and academics from Russia benefit from scholarships to participate in Erasmus Mundus joint master courses and doctorates in the EU. Russia is typically among the top countries in terms of awarded
Erasmus Mundus scholarships. Since 2004, 409 Russian students and 80 academics have benefited from such scholarships to attend Erasmus Mundus Masters courses. In 2011, 63 Russian students were awarded Masters scholarships. Seven Russian doctoral candidates have also been selected for scholarships under the first two years of selection, including six in 2011. Russian universities can also become full partners of joint Erasmus Mundus programmes. So far, three Russian universities take part in Erasmus Mundus Masters programmes, and five are involved in three joint doctorates.

In addition, eleven Russian higher education institutions have so far participated in Erasmus Mundus promotion projects. These include a 2011 project that aims to set up a Siberian Centre of European Education.

A call for proposals launched in December 2011 will select by July 2012 two new Action 2 partnerships for Russia, and a number of new Action 1 programmes that may involve Russian partners.

In 2011, no new Jean Monnet project involving Russia was selected. In 2012 a networking meeting is foreseen in order to disseminate information about the Programme.

The European Studies Institute (ESI) in Moscow is co-financed by Russia and the EU, which supported it through an initial €3 million grant until September 2010. Currently an additional €3 million grant has been provided by both Russia and the EU for the period until September 2013. Five cohorts of students - about 400 students - most of whom are young officials, graduated by December 2011, while a further 130 students were selected in September 2011 and are currently pursuing a Master's Programme at the ESI. The purpose of the Institute is to foster the involvement of a broad range of audiences in a wide ranging academic debate on EU-Russia relations.

A study of the centres, departments, and chairs of European studies set up within universities through Tempus and Jean Monnet programmes started in January 2009. Overall, between 1994 and 2006, about 20 Russian Universities received EU funding to implement Tempus and Jean Monnet projects in fields related to European Studies and/or to establish European Documentation Centres, now called EU-Information Centres.

The study served as a basis to launch the Calls for Proposals in 2010 and 2011 which helped identify six universities wishing to establish EU Centres on the basis of existing centres, departments, and chairs. As a result the following universities were selected: Immanuel Kant Baltic Federal University (IKBFU) in Kaliningrad (http://www.kantiana.ru/eng/4u/index.php), the European University (EUSP) at St. Petersburg (http://www.eu.spb.ru/index.php?option=com_content&task=view&id=3046&Itemid=924&lang=en), the State University (TSU) in Tomsk (http://euces.tsu.ru/en/), the South Federal University (SFedU) in Rostov-on-Don, the Federal University in Kazan (KFU), Tatarstan, and Petrozavodsk State University (PetrSU) in Karelia.
**YOUTH IN ACTION**

As regards non-formal education for young people, Russian youth and organisations can benefit from some of the opportunities offered by the EU **Youth in Action** Programme (2007-2013) by establishing partnerships with fellow organisations based in the EU. During the period 2007-2011\(^8\), about 3 000 young people and youth workers from Russia have benefited from such opportunities through participation in more than 940 projects.

c.  **Culture**

In 2011 there was **no progress towards Russia’s ratification of the 2005 UNESCO Convention** on the Protection and Promotion of the Diversity of Cultural Expressions and the Council of Europe Convention on Transfrontier Television. The **Joint Working Group on Culture**, which had been established in February 2007 with the aim to draw up a Culture Action Plan, last met in June 2008 in Moscow. No new date has been defined for the next meeting of the group.

*In 2010, eight joint EU-Russia projects with a total budget of € 2 million were selected under the last open call for proposals in the framework of the EU-funded programme aimed at strengthening the EU-Russia cooperation in the field of culture. These projects cover different areas of culture - visual arts and contemporary music, wooden architecture, documentary cinema, modern culture management, innovative museum practices; and will be implemented in various regions of Russia (Arkhangelsk, Kostroma, Moscow, Nakhodka, Perm, Pskov, Tula, etc.) and the EU. All projects include capacity-building components (master classes, training modules, seminars, art residencies, internships, etc.) and public cultural events (festivals, exhibitions, co-productions). In 2011 projects were in the active stage of implementation.*

A **Northern Dimension Partnership on Culture (NDPC)** was established in 2010. It brings together the EU, Russia, Norway and Iceland, and is focusing in particular in cooperation relating to creative industries and cultural industries (such as cultural tourism development). The European Union actively participates at the work of the Steering Committee of the partnership and made available funds (€ 300.000 in 2011) for projects to support the work of the partnership. This was used to carry out a study on the Viking Route Heritage Sites in Russia as well as on Music Industry Operators in North West Russia. The results and next steps related to these studies will be discussed with stakeholders in St. Petersburg on 25-26 April 2012.

New projects were selected for financing as a result of the special Call for Proposals in the Baltic Sea Region, which are focusing i.e. on cultural tourism development at the Viking route heritage site in Velikiy Novgorod and event manager training in Karelia, related to creative industries development.

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\(^8\) Figures for 2011 are still provisional.
Next steps

- Increased participation in the Erasmus Mundus, Tempus, Marie Curie programmes and in particular Jean Monnet;
- Convergence towards the European Higher Education Area and continued implementation of the Bologna process and the EU higher education modernisation agenda (in particular through Tempus);
- Further promotion of EU multidisciplinary studies for instance through the set up of a network of EU centres, which are funded by the EU;
- Participation in the EU/ Russia mobility working group.
- Monitor developments regarding Russia's future international commitments, in particular vis-à-vis the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

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