

EU-RUSSIA COMMON SPACES

PROGRESS REPORT 2012

Date: March 2013

This report outlines progress made during 2012 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 2013. A detailed section is devoted to each of the Common Spaces.

Russia has concluded its **WTO accession**. The result of the preceding negotiations, the Working Party Report, was formally endorsed by all members of the WTO in December 2011. Russia ratified its accession in July and became a member on 22 August 2012. The accession of Russia resulted in reduced import duty levels and better market access conditions for economic operators in Russia. Preparations for Russia's accession to the OECD within the established multilateral accession processes have been intensified in 2012.

The **negotiations for a New EU/Russia Agreement** to replace the existing Partnership and Cooperation Agreement experienced serious delays due to differences with regard to the Trade and Investment provisions, where agreement still needs to be found on the coverage of the chapter as well as on the competence issue created by the transfer of certain trade competencies from Russia to the Russia-Belarus-Kazakhstan-Customs Union level. Meanwhile, Russia's **Customs Union / Single Economic Space with Belarus and Kazakhstan** is gradually transforming itself into a more ambitious Eurasian Economic Union which should be operational as of 2015. The executive body of the Customs Union, the "*Eurasian Economic Commission*", became operational during the first half of the year.

Dialogue and contacts continued under all **four Common Space Road Maps, including at Commissioner/Minister level**. In addition to a Foreign Ministers' meeting, there were two Ministerial meetings in the format of the **EU-Russia Permanent Partnership Council** (Energy, as well as Freedom, Security and Justice). The last bi-annual meeting of the European Commission and the Russian government took place in Moscow on 21-22 March 2013.

The EU-Russia **Partnership for Modernisation** (P4M) continued to be the main policy platform for our cooperation activities with Russia. This was reconfirmed by the EU-Russia Summit of 4 June 2012, where the newly re-elected President Putin clearly underlined the importance of the EU-Russia Partnership for Modernisation. The Ministry of Economic Development and the EEAS organised a conference on the Partnership for Modernisation in October 2012 with the participation of the EU Member States (23 Member States so far have also signed a P4M with Russia), International Financial Institutions, and business representatives. The rolling work plan of P4M priorities was updated and agreed in the margins of the two Summits of 2012 and a joint progress report

was issued at the end of 2012.

Russia continued using the **TAIEX** instrument for seminars, study visits and expert missions that focused on food safety, police cooperation, and witness protection programmes. Moreover, TAIEX supported participation of Russian participants in multi-country TAIEX workshops. 134 Russian participants attended the events.

The **main achievements** of the EU-Russia dialogue in 2012 included:

General:

- Continued implementation of the “*Common Steps towards visa free short-term travel of Russian and EU citizens*” including expert missions;
- Continued implementation of the Partnership for Modernisation with projects managed by the EU Delegation in Moscow (€7 million of EU funding), with the two broad areas of improvement of market access through harmonisation of technical regulations on the one hand and strengthening the rule of law on the other - including a new anti-corruption project implemented by the Council of Europe;
- Launch of the Political Dialogue on Counter Terrorism in November in Moscow.

Trade and Economic cooperation:

- Signature by EIB, EBRD and the EU of a Memorandum of Understanding on the financing of P4M projects in December 2012.
- Continued cooperation on alignment of technical regulations, standards and institution building, with 19 technical product and horizontal standards of the Customs Union and the EU to be aligned by the end of 2013, and with a number of P4M-Facility financed projects ongoing;
- The energy dialogue continued at an intensive rate and at high level, including through the regular meetings of the various thematic groups and the Gas Advisory Council under the EU-RU Energy Dialogue. A joint EU-Russia Energy Roadmap 2050 was agreed in March 2013. A first meeting of the thematic group on nuclear energy took place on the 30 October 2012 in Brussels, confirming Russia's willingness to proceed towards a comprehensive Euratom–Russia Nuclear Agreement;
- A successful joint-conference with the Ministry of Natural Resources & Environment on Waste Recycling as a Business Opportunity, held in Moscow in May 2012;

- Harmonisation of Russian phytosanitary norms with international and EU standards in the field of pesticide residues for twenty combinations of substances and commodities, based on EU requests;
- Active Russian participation in the space work programme 2012 under Framework Programme 7;
- Space cooperation and further **launch of Galileo satellites with Soyuz** from Europe's spaceport in Guyana. On 12 October 2012 the third Soyuz-STB rocket was launched, carrying two Galileo GPS satellites into orbit for the European Space Agency;
- Agreement in December 2012 on goals and scope of EU-Russia cooperation in the area of **global satellite navigation systems**, resumption of negotiations on a cooperation agreement.

Freedom, Security and Justice:

- Implementation of the “*Common Steps towards visa free short-term travel of Russian and EU citizens*” and entry into force of the bilateral agreement between Poland and Russia on Local Border Traffic;
- Progress in the Migration Dialogue, implementation of its first Work Plan for 2011-2012 and adoption of a new one for 2013-2014 at the October PPC;
- Conclusion of the negotiations on an agreement on drug precursors;
- Ratification of the EU Convention on the Rights of Persons with Disabilities;
- Progress in the negotiations between Europol and Russian law enforcement authorities on an Operational Agreement;
- Progress on reform initiatives in the area of judiciary, penitentiary and law enforcement. In terms of judiciary reform, the Russian Federation acceded to the 1996 Convention on Jurisdiction, Applicable law, Recognition, Enforcement and Co-operation in Respect of Parental Responsibility and Measures for the Protection of Children. The second and third phase of the Hague Conventions project are being implemented, concerning the application of the 1980 Hague Convention on Child Abduction, the application of the 1996 Hague Convention on Child Protection and an analysis of Russia's possible accession to the 2007 Hague Convention on child support;
- Under the Partnership for Modernisation, the implementation of the project funded by the EU on the appeal system in the Russian judiciary system continued;

- A joint project on anti-corruption in the business sector was agreed upon with the Russian government, to be implemented by the Council of Europe in cooperation with the Russian Business Ombudsman. Implementation started in the beginning of 2013 under the Partnership for Modernisation;
- Russia benefitted from TAIEX-funded activities on police cooperation and witness protection programmes (in cooperation with Europol) and visa dialogue.

Research, Education and Culture:

- Continuation of excellent cooperation in the area of science and technology, where Russia remains the main third-country partner in the EU Framework Programme for Research (FP7), in terms of participations (453 participations) and EU funding (€63 million);
- Definition, jointly with the Russian side, of key areas for reinforced cooperation (aeronautics, ICT, nanotechnologies, and research infrastructures). Close cooperation with Russia's six 'mega-science' projects in research infrastructures;
- Implementation of a major multi-city information campaign in Russia on opportunities available for Russian scientists and research organisations through FP7, and the forthcoming Horizon 2020; publication of an updated edition of the Compendium of key bilateral agreements and programmes between Russia, the EU and EU Member States;
- Decision by EU and Russian leaders at the December 2012 Summit to make 2014 the "*EU-Russia Year of Science, Technology and Innovation*" Involving scientists, research organisations, industry and the wider public, this year-long series of events, to be jointly organised across the EU and Russia, will valorise the strong S&T cooperation between the EU, EU Member States and the Russian Federation;
- Continued university cooperation and academic mobility in particular through the European Union's TEMPUS and Erasmus programmes, including new Russian initiatives to enhance the internationalisation of their students as of 2013;
- Continued cooperation between the EU, Russia, Norway and Iceland under the Northern Dimension Partnership on Culture in particular relating to cultural and creative industries, with cooperation projects;
- Russia has been benefitting from the ENPI regional communication programme, including journalist training and networking, opinion polling and media monitoring, regular barometers and the Neighbourhood Infocentre.

EU-RUSSIA COMMON ECONOMIC SPACE

Progress

The EU and Russia agreed at the St. Petersburg Summit in May 2003 to create a 'Common Economic Space' in the long-term. A road map agreed in 2005 sets out objectives and areas for cooperation for the short and medium-term. As a result dialogues covering most economic sectors have been established between the EU and Russia.

a. Industry Related Dialogues

i. Regulatory Dialogue on Industrial Products

The Regulatory Dialogue on Industrial Products has been in place for seven 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 and Customs Union 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 has been very supportive and has participated in most of the subgroup meetings.

The last plenary meeting (Directors level) of the two dialogues (regulatory and industrial – see next section) took place on 16 May in Moscow. This meeting was characterised by discussions on two fronts of political change. First of all, the Commission wishes to revise and renew these dialogues through the drafting of new Terms of Reference. The Commission presented its detailed proposals at the meeting in May and is awaiting a formal Russian response. The proposal of the Commission includes ideas to integrate the industrial and regulatory dialogues (since many working groups function under both), to strengthen the focus on some policy issues (such as SME policy, raw materials co-operation and others), to agree on some administrative rules (mainly to expedite the confirmation of meetings, finalisation of reports etc) and to formally close down some working groups which are not operational. The latter point concerns in particular the aviation industry working group (no interest on the European side), the working group on ICT, radio and telecommunications (no interest on the Russian side) and the working group on pharmaceuticals (transferred to DG SANCO). The European Commission has also proposed the start of a dialogue/ working group on tourism policy. The assumption is that in the first semester of 2013 agreement could be reached on these issues.

The second issue which influenced the discussions on 16 May to a considerable extent is the ongoing transfer of formal competencies from Russia to the structures of the Eurasian Economic Union. In effect, the formal authority to decide on technical regulations is now allocated at the level of the Eurasian Economic Commission. This impacts the efficiency of the Russia-EU bilateral dialogue. There have been some cases in 2012 where comments of the European Commission on Russian/Eurasian technical regulations, articulated to the Russian side via the formal working groups, were not passed on to the Eurasian regulators. In discussions on the new Terms of Reference the role the Eurasian

structures was discussed. Whereas the Russian side appeared to emphasise that dialogues should be kept bilateral (as opposed to trilateral and including the Eurasian regulators), the European side emphasised that such a bilateral dialogue requires a counterpart that can commit (as opposed to remaining non-committal and referring to the competencies of the Eurasian regulators). This issue should be solved and the solution properly reflected in the new Terms of Reference of the regulatory and industrial dialogues.

Policy statements of the former 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 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. The work on alignment and institution building continued in 2012. Russia has maintained its important responsibilities of supporting the Customs Union harmonisation process and of institution building at national level.

The EU-Russia Partnership for Modernisation places emphasis on regulatory alignment and has funded numerous sub-projects on alignment of EU and Russian technical regulations. In 2012 four new projects were initiated, increasing the use of voluntary standards in a regulatory context in order to strengthen competitiveness and innovation in Russia, promote development and application of international and European standards, and approximate EU and Russian procedures. The projects are designed to facilitate market access and support the further development and consolidation of a coherent system of technical regulations. Two new cooperation projects supporting the approximation of technical regulations and the related set-up of implementation were signed at the end of 2012 for a total amount of two million euro.

The work plan of the Partnership for Modernisation also emphasizes 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. It is important that *Rosstandart* gets more closely involved with the European standardisation organisations *CEN* (Comité Européen de Normalisation), *CENELEC* (Comité Européen de Normalisation Electrotechnique). Therefore, a draft agreement between *Rosstandart* and *CEN / CENELEC* was elaborated and it is expected to be signed in 2013.

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

1. Automotive industry:

The last meetings of the subgroup were held in Moscow on 20 April and in Brussels on 19 October. This subgroup continues to be successful due to the open and constructive

cooperation on practical issues in relation to sectoral policy orientations as well as to specific technical regulations. Both sides are pleased with the level of information exchanged on the state of the automotive industry and, in particular, with the close cooperation as regards UNECE activities in Geneva.

As regards the coordination of activities in the framework of the 1958 UNECE Agreement, information was shared by the Russian side on developments in other fora e.g. APEC and Customs Union. Further approximation of EU and Russian legislative frameworks in the automotive sector through UNECE Regulations was endorsed by both EU and Russia, which has impact on the legislative framework of the Customs Union, and discussions took place on the current technical and legislative developments on both sides. There is an ongoing discussion on the development of the Russian *ERA-Glonass* system and its harmonisation with the *EU e-Call* system. The Russian side clearly expressed its wish to align and to base its legislative and technical requirements on the EU standards.

Furthermore, Russia continues to show interest in an approximation outside this framework; a full mutual recognition for vehicle approvals. The current work in Geneva on the development of an *International Whole-Vehicle Type-Approval (IWVTA)* could be considered as a way forward on this issue.

2. Textiles and light industries sub-group

This subgroup has continued its work in a satisfactory way in two meetings, on 15 May in Brussels and on 12 December in Moscow.

The main issues discussed during these meetings were the new technical regulation of the Customs Union related to conformity assessment procedures and requirements of conformity for light industry products and for products addressed to youngsters and adolescents. The two parties have openly discussed the different approaches of systems of conformity assessment and conformity requirements (e.g. labelling, standards, minimal technical requirements) in Russia and in the EU. During the last meeting in December the two parties agreed to further discuss possible approximation of legislation. It was agreed to aim for a bottom-up approach which suggests that industrial associations from both sides would prepare common proposals for this purpose.

It was considered as potentially useful to accompany common projects between business communities from both sides via common conferences. In this context, one TAIEX project started in 2011 and finished during the first semester of 2012. Its scope was to improve convergence of conformity assessment standard tests in the area of the carpet industry.

New projects of cooperation are under preparation by economic operators, such as:

- A project on cooperation between *EURATEX* and the *Russian Textiles Federation* on training, environmental legislations, standards and conformity assessment procedures;

- A project of cooperation of the EU leather industry (*COTANCE*) with the Russian organisation for the leather industry on a common multilingual glossary on leather terms. It was agreed that these projects could start in 2014.

The group has also discussed the EU system of procedures and investigations in the context of anti-dumping. The EU side (DG Trade) has offered the Russian side its availability to organise a seminar or stage for Russian officials on anti-dumping.

3. Information society

An expert meeting on regulatory issues covering spectrum and roaming issues took place in mid-January in Brussels. Topics identified for further collaboration included studying the implications of the allocation of the 700 MHz band for mobile broadband as of 2015 and additional strategic bands for wireless broadband or possible improvements in the coordination of broadcasting networks.

The working group on eInfrastructures consulted via videoconference and a meeting on 26 April. The working group addressed policies, funding opportunities and expert discussion on three main areas: scientific data infrastructures, global research communities (e.g. in high-energy physics and astronomy) and high-speed connection of research and education telecommunication networks. Possibilities for further collaboration were identified in all three of the above mentioned areas.

The seventh EU-Russia Information Society Dialogue meeting took place in Brussels on 27 April. The first part of the meeting focused on already established cooperation topics, such as research cooperation and developments in the regulatory environment for electronic communications, while a number of new topics were explored during the second part, including cyber-security and critical information infrastructure protection, eSignature/eID, eGovernment, Safer Internet, Audio-visual and Media, and EU-Russia cooperation in multilateral fora (*ICANN, IGF, CEPT/ITU, WCIT-12*). On most topics, common ground was identified for continuation of information exchange or implementation of joint actions.

From the beginning of May until the end of 2012, no progress could be achieved in the bilateral cooperation due to the changes that took place in the two relevant Russian ministries, the *Ministry of Telecom and Mass Communications* and the *Ministry of Education and Science*. The two ministers, the deputy minister co-chairing the dialogue and the two Directors co-chairing the two relevant working groups on the Russian side, left their ministry or changed post. It was only in December 2012 that a new Russian co-chair of the dialogue was formally communicated to the EU side, yet no co-chairs for the working groups were identified.

4. Electrical equipment and machinery:

It had been agreed in October 2007 to create this subgroup. However, a first meeting has still not been held due to the absence of a Russian co-chair. At the moment it is unnecessary to activate the working group, as some of the potentially relevant issues are

already discussed in the working group on conformity assessment and accreditation e.g. low voltage, electromagnetic compatibility.

5. Pharmaceuticals:

The issues on pharmaceuticals have been discussed under the dialogue on Public Health. A new subgroup for Pharmaceuticals was created in 2011 and two meetings have taken place since, at the end of 2011 and the end of 2012. A study for comparability of EU and Russian legislation in the field of clinical trials was produced under the Partnership for Modernisation. Even if the results show that there are no fundamental differences in legislation and performance of clinical trials, the Russian Federation refuses to recognise clinical trials performed in the EU, arguing that new legislation is under preparation.

6. Forest-based industries:

In 2012 there have been no meetings of this working group. There is an internal discussion ongoing within the European Commission of possibly merging this working group into the working group on Mining and Metals with a view to the possible creation of a broader 'Raw Materials' working group. Consultation with the administration of the Russian Federation would subsequently be necessary.

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 pending the Russian appointment of a co-chair. 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.

The subgroup has re-started its work with a meeting in May 2011 and continued in February and October 2012. The interest which Russian stakeholders have for Eurocodes has developed a closer working relationship between Russian engineers and European engineers/experts in CEN. The first step was a common technical workshop organised in Ispra (Italy). The seminar "*Bridge design using the Eurocodes*" at JRC Ispra on 1-2 October 2012, provided valuable and positive interactions and exchanges between EU and Russian experts. This seminar opened the gates for future cooperative actions, including the organization of a larger and more practice-oriented workshop in Russia in 2013. The workshop in Saint Petersburg in April 2013 should be followed by the set-up of a project aimed at comparing the *Eurocodes* and Russian design standards for bridges. Some open questions remain concerning the cooperation between *CEN* and *Rosstandart* (see following section) and the adoption or use of *Eurocodes* by the Russian standardisation body.

At the Regulatory Dialogue Construction Sector subgroup meeting on 3 October the Russian Delegation had expressed the willingness to assess the possibility of

implementing *Eurocodes* in the Russian Federation. In the meantime *CEN TC250* and *Technical Bodies* invited Russian experts to participate in their work. Such cooperation would benefit both sides, and the EU could take advantage of Russian expertise in complementary technical fields, such as extreme weather conditions e.g. permafrost regions in Russia.

8. Conformity Assessment and Standardisation:

This working group has met once in 2012. Its working rate had been affected by the change at the *Ministry of Trade and Industry* and the departure of the Russian co-chair and his team to the Eurasian Economic Commission. Furthermore, in the field of technical regulations, the shift of competences from the national government to the Customs Union became operational. As a Customs Union member, Russia will keep developing draft technical regulations and amendments in identified areas, which are to be finalised and adopted by the Customs Union and the Eurasian Economic Commission. Furthermore, the Russian government remains responsible for institution and capacity building in support of relevant legislation, in particular in the areas of market surveillance and accreditation.

During the last meeting in October in Brussels, the EU approach on market surveillance, its legal framework and the implementation of market surveillance in the EU were discussed. Representatives of the *Federal Accreditation Service* and the agency in charge of market surveillance attended the meeting for the first time. The Russian side recognised the need to reform the system of market surveillance and considered this as a priority. The EU presented detailed comments on the Customs Union's technical regulation on toys safety and related standardisation.

Some progress could be reached with regard to the negotiation of a cooperation agreement between *CEN/CENELEC* and *ROSSTANDART*. It is expected that the remaining problem can be settled and the agreement be signed in 2013.

In December 2012 two new multiannual cooperation projects (€2 million) under the Partnership for Modernisation were launched. They cover:

- The establishment of a national legal framework for accreditation to be approximated with the EU framework by the Federal accreditation service and the organisation of training. The European project partner is the *European Coordination for Accreditation*;
- The approximation of horizontal aspects (market surveillance, use of voluntary standards, conformity assessment procedures) and of sectoral legislation. This includes support in view of necessary modifications of Custom Union technical regulations and of implementation activities.

In the framework of the EU-Russia Industrialists Round Table, a specialised Task Force of experts from both EU and Russian industry and stakeholders elaborated recommendations supporting the approximation process. In 2013 the cooperation will need to focus on the following issues:

- Further approximation of Russian and EU legislation in the areas of market surveillance, conformity assessment and accreditation;
- Completion of approximation in the sectors that were agreed in 2011;
- Institution and capacity building in Russia for market surveillance, accreditation and standardisation;
- Necessary institutional contacts to further approximate technical regulations and promote the use of European/international standards.

ii. Industrial/Enterprise Policy Dialogue

Since 2005, twelve 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 May in Moscow. As far as exchange of information is concerned, good progress has been made. The resulting communication reduces the likelihood of trade disputes arising in the sectors concerned and the exchange of information allows for European Commission's input on Russian draft legislation i.e. on industrial goods, and to explain EU industrial and enterprise policies. Within the different sectoral working groups, information has also been exchanged on industrial statistical data, technology developments in the sector, and the developments in foreign markets.

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 meeting of the EU-Russia industrial policy mining and metals subgroup meeting was organised back-to-back with the *Steel Contact Group* meeting in Saint Petersburg on 25-26 October. Both the Russian and EU Delegations had more than twenty people, representing mining, geological surveys, steel and non-ferrous metals industry.

The European Commission presented the EU raw materials policy and updated on industrial policy with special focus on steel and aluminium. The EU industry representatives gave presentations on geological surveys (with focus on possible

cooperation in the area of the European Intelligence Network on the Supply of Raw Materials). Other topics discussed were deep sea mining and cooperation in the Nordic region, and the announcing of *EuroMineExpo* in 2014 in Skelleftea (Sweden) under Barents Regional cooperation. A presentation on energy raw materials and shale gas exploring/production possibilities in Europe presented arguments for more high tech investments (technology transfer) in Russia, a resource rich country. It was indicated that the Russian side would also benefit from higher environmental standards in this way. Presentations by *Eurofer*, *Eurometaux* and *Aluminium Recyclers' Organisation* confirmed a strong interest by European industrial organisations of co-operation with Russia on various aspects of mining, metals and broader raw materials policy.

After a relative inactive eighteen months period, the meetings in Saint Petersburg represented a re-start of the dialogue, which in the future is likely to have a stronger emphasis on broader international raw materials issues and an examination of the potential scope for co-operation projects with Russia. For further raw materials co-operation, the presence of the *Ministry of Natural Resources* in the proceedings of the working group would be required.

4. Chemicals:

The eighth meeting of the EU-Russia working group on chemicals took place on 22 June in Brussels. The economic situation of the chemical industry in the Russian Federation and in the EU was discussed on this occasion. Furthermore, EU legislation on chemicals, the draft legislation of the Customs Union on safety of chemical products, OECD and good laboratory practice (GLP), the APEC subgroup on chemicals, and participation of the Russian Federation in the International study group were on the agenda.

The situation as regards options for closer alignment of the EU and Russian/Customs Union legislation on the safety of chemicals remained a critical point in the discussions. In this regard, the Commission presented the most important developments in the implementation of REACH (Regulation (EC) No 1907/2006) and CLP (“Classification, labelling, packaging” - Regulation (EC) No 1272/2008) since July 2011. Concerning REACH, the Commission and ECHA are now preparing for the second registration deadline - 31 May 2013. Concerning the CLP¹ Regulation, the Commission recalled that the new rules for classification and labelling have applied to substances from 1 December 2010 and will apply to mixtures from 1 June 2015, but can be voluntarily applied before those dates. Transitional provisions are foreseen for substances/mixtures already placed on the market. Two Commission Regulations adapting the CLP to technical and scientific progress are in preparation:

- The third ATP (*Adaptation to Technical Process*) to the CLP, which will include new entries or amend existing entries in Annex VI (harmonised classification) for 16 substances; adoption expected in the coming weeks.

¹ CLP Regulation ensures that the hazards presented by chemicals are clearly communicated to workers and consumers in the European Union through classification and labelling of chemicals

- The fourth ATP to the CLP, which will align the Regulation to the fourth Revision of the UN GHS (*Globally Harmonized System*) is intended to start soon, for a planned adoption in early 2013.

In autumn 2012, the internal EU procedure for the fifth ATP to CLP which would add or revise new substances to Annex VI CLP, was started and notified to WTO, planning for an final adoption by the second or third quarter of 2013.

As regards the draft regulations of the Customs Union on safety of chemical products, additional changes have been introduced in the Draft Customs Union Technical Regulation on safety of chemicals, compared to the version of December 2011. A revised version is not yet publicly available. The revised version of the Draft Technical Regulation will be fully in line with the GHS provisions. On 24 September 2012, a meeting took place with representatives of the Eurasian Economic Commission. During this meeting it became clear that the comments sent by the Commission to the Russian authorities had not been transmitted by the Russian authorities to the regulators in the Eurasian Economic Commission. Therefore the discussion on EU comments on the draft regulation had to re-start. This episode highlights the changes in efficiency of the bilateral EU-Russia dialogue caused by the emergence of the Eurasian Economic Commission as a regulatory authority.

On recent progress made by the Russian Federation to complete its accession process to the OECD and in particular to the Council Acts on the Mutual Acceptance of Data (MAD) including test guidelines and the principles of Good Laboratory Practice (GLP), the Russian side informed that work was progressing on the construction of a regulatory framework, fully compliant with OECD principles, in order to ensure the functioning of the Russian system of GLP.

With regard to the work programme of the subgroup for 2012-2013 it has been agreed to maintain the items of the current work programme (i.e. discussion on developments and implementation of chemicals legislation, adherence of Russia to the OECD Council Acts on MAD, and customs issues) and information exchange on the economic situation of the chemical sector in the Russia Federation and the EU, as well as possible actions that could fall under the Partnership for Modernisation.

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.

The Russian side asked the European Commission at the last plenary meeting in May to revive the aviation/aerospace group under the industrial dialogue. However, attempts by Commission officials to contact and communicate with the relevant department with request to list subjects for a potential new working group meeting did not deliver results.

As an effect the group remains frozen.

6. SMEs and enterprise policy:

The exchange of information between the EU and Russia in this subgroup has been constructive and useful. Since 2012 the dialogue is chaired on the Russian side by the representatives of the *Ministry for Economic Development* (Department for SME policy) in close association with representatives from the *Ministry of Industry and Trade*.

SME topics are high on the Russian agenda. They fall within the scope of the government plan aiming at modernising the Russian economy by innovation and increasing competitiveness. Russian officials are aware that this can only be achieved through firmer support to the SME sector. Currently there are 19 million employees in SMEs, contributing 25% to the Russian GDP. This is substantially below the average of developed countries. The main obstacles are an unfavourable investment climate, lack of transparency, lack of entrepreneurship culture, and corruption. The Russian leadership has therefore expressed its aspirations to climb significantly in the World Bank Doing Business report (2012 report: Russia placed on rank 120).

The last EU-Russia SME dialogue took place on 23 May in Moscow with a broad and active participation of business associations. Here a past project (2008-2010) was mentioned, aimed at strengthening efficiency of regional branches of the *Russian Trade and Industry Chamber of Commerce* and building up a good network at federal level. Several topics were agreed for the next meeting that will be taking place in Brussels: exchange of views on SME definition and business register, SMEs access to public procurement, discussion on possible joint projects by business associations (EU-Russia) aimed at promoting SMEs access to both markets, and SMEs and internationalisation.

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.

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

- The Information Satellite Systems WG co-chaired by the Commission integrates the Earth Observation, Satellite Communication and Satellite Navigation Work Groups.
- The Space Science and Technology WG co-chaired by ESA integrates the former Fundamental Space Science and Applied Space Science Work Groups

The sector contributes with an important range of activities to the EU-Russia Partnership for Modernisation. The following achievements highlight mutually beneficial fields of

EU-Russia space cooperation:

- Continuing successful cooperation, the second launch of a *Soyouz* Rocket with a second pair of *Galileo* satellites onboard took place from the *European Space Port* in Kourou in October 2012;
- With regard to satellite navigation, the negotiations on an overarching *GNSS* cooperation agreement restarted after the nomination of a new Russian chief negotiator in November 2012. 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, Earth observation data exchange and crop monitoring. It has been proposed to investigate areas for collaboration and to propose actions for the development of shared environmental information systems, including air quality monitoring and for pollutant transport modelling. Over the coming twelve months period there should be a particular focus on the development of a well coordinated collaborative approach on land cover and forest cover change monitoring;
The JRC has been collaborating with IKI (Space Research Institute of the Russian Academy of Sciences) in the context of the PROBA-V mission's (new Earth Observation European Satellite to be launched in 2013) preparatory programme to evaluate the impact of 300m spatial resolution for forest cover mapping accuracy over Russia. The final report of this project was released in April 2012.
- Overall, 29 FP7 space theme projects with fifty Russian participants are in the implementation phase;
- In the field of Applied Space Science and Technology, "*Working Arrangements of the Working Group on Science and Technology*" have been agreed on. The further steps are the review of possible implementation mechanisms for joint workshops, the review of *EC-ESA-ROSCOSMOS* funding mechanisms, and identification of further areas of cooperation and monitoring of progress and results of on-going activities

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 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, such as 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 eleven meetings of this dialogue, the most recent of which took place in Moscow in June 2012. The following topics were discussed: latest legislative developments concerning IPR in Russia, functioning of the customs union, data protection for pharmaceutical and agrochemical products, internet service providers' liability, content made available over the internet, functioning of collecting societies, criminal liability of corporations, and specific issues concerning foreign geographical indications protection under Russian law. The Commission also received an update on the enforcement activities undertaken by the Russian authorities.

ii. Public Procurement Dialogue

The 2012 dialogue on public procurement took place on 6 December in Brussels. During the meeting both parties exchanged information on the latest developments in legislation.

iii. Trade and Investment Dialogue

The new Trade and Investment Dialogue replaces the previous Early Warning Mechanism and the Investment Dialogue which in practice have hardly functioned. 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 has two subgroups, one on Trade issues and one on Investment issues.

In 2012 two meetings have taken place at senior official level in Paris in May and in Saint Petersburg in June. The two subgroups also met during 2012. A first meeting of the trade subgroup took place in April. A number of important issues were discussed, such as the use of trade defence instruments from both sides in the steel sector, the draft technical regulation of the Customs Union for alcoholic beverages, with the aim not only to exchange information but also to seek solutions. The second meeting of the trade subgroup took place in November. Here again concrete issues were discussed, such as the implementation of Russia's WTO commitments on beef quotas, communication and organisation of exchanges between the trade defence instruments departments of the European Commission and the Eurasian Economic Commission. The investment

subgroup met in May and in December. Exchanging of views and information about the investment climate, future developments in investment policy, including in the bilateral context, 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 draft road map for the implementation of the Framework, including timelines, was initially discussed at the meeting of the working group in Brussels in July 2012. A number of activities under the Strategic Framework have also been 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 clarification on the Russian side of competence-related issues;
- 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 and is being implemented;
- 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. The first phase of the project was completed in September 2012. An overall assessment of the pilot project is due to be carried out in the course of 2013;

- 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. The Commission adopted an Action Plan to fight against smuggling of cigarettes and alcohol along the EU Eastern border in June 2011. 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, although certain actions, such as discussions on the convergence of excise rates between the EU and Russia, have seen little movement because of the lack of progress in the negotiations of the New Agreement.

(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) among which transit and customs valuation have been selected as priority areas;
- Improvement of transit: both sides have agreed to pursue cooperation on transit issues and to hold a technical meeting at the beginning of 2013 as a first step.

d. Competition

Russia's current competition law dates back to 2006 and was last amended in 2011 aiming at bringing Russian Competition Law in line with OECD membership requirements. Russia's competition law prohibits anti-competitive agreements between undertakings and abuse of a dominant position. It also prohibits acts of public authorities which distort competition (including a section on state aid, referred to as "*state and municipal preferences*").

In 2012, regular contacts between the Commission and the FAS took place on technical questions and bilateral meetings took place in the fringes of international forums on competition policy (such as ICN and the OECD Competition Committee). This is in line with the framework set up for a closer dialogue on competition policy, advocacy and enforcement by the Memorandum of Understanding signed between DG Competition and the Russian FAS in 2011.

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

i. Financial Services and Macro-Economic Policy Dialogue

The seventh Dialogue on Macroeconomic and Financial Policies took place in Moscow in November 2012, just before the start of Russia's chairmanship in G20. The G20 agenda for 2013 and the priorities of Russia and the EU were at the centre of discussions. Investment financing for growth and debt management was highlighted by Russian participants as the main topics. Both sides agreed on the importance of timely implementation of the G20 commitments. Issues related to the global economic situation, and fiscal and monetary policies undertaken in the EU and Russia were also on the agenda. Both parties exchanged information on initiatives related to banking regulation and supervision, public-private partnership in natural disaster insurance, and protection of shareholders and investors.

Several working groups were organised at technical level in Brussels and Moscow during 2012. The working group on Exit Strategies and Sustainable Growth held its third meeting in June in Moscow. The Banking and Securities working group also met for the third time in April in Moscow. The Insurance working group and the Accounting and Auditing working group met in June in Moscow, while the Public Procurement working group had their meeting in November in Brussels.

The next meeting of the Dialogue is foreseen for the second semester of 2013 in Brussels. In the run-up to this main Dialogue, working group level activities will take place.

ii. Statistics

In 2002, agreement was reached on statistical cooperation by *Eurostat* and *Goskomstat*. A new *Eurostat-Rosstat* Memorandum of Understanding is under preparation and is due to be signed in 2013. This will contain agreements of methods of data exchange using the *Statistical Data and Metadata Exchange* (SDMX) system. A selection of pilot data was sent to *Eurostat* by *Rosstat*.

A “*Statistics in Focus*” publication concentrating on general issues, trade, energy and environment was published end 2011, translated into Russian in 2012 and published on *Eurostat's "Statistics Explained"* website.

Cooperation in the field of harmonisation of statistics will continue. *Rosstat* has been encouraged to apply for TAIEX.

f. *Energy*

In 2012, the EU-Russia Energy Dialogue continued its intense cooperation activities with regular meetings, seminars and conferences as well as high-level meetings. The Coordinators of the dialogue, Commissioner for Energy Oettinger and the new Russian Minister for Energy, A. Novak, met in June, October and December to set out the main

objectives for the cooperation. In addition, Commissioner Oettinger met Deputy Prime Minister Dvorkovich on 9 November.

The discussions in the EU-Russia Energy Dialogue focused on the implementation of the EU Third Energy Package, infrastructure, Russian energy sector reform, and the implementation of the different Memoranda signed in February 2011:

- 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.

In February the Commission received a negotiating mandate from the Council on an agreement with Russia and Belarus concerning the electricity system operation in the Baltic States. Several rounds of negotiations took place from April 2012 onwards.

The seventh Permanent Partnership Council (PPC) on Energy took place in Nicosia on 12 December and was organised by the Cyprus presidency. At the PPC, both sides agreed to intensify their work on several outstanding issues, including on a work plan for 2013.

DG Energy Director General P. Lowe had several meetings with his Russian counterpart, Deputy Minister A. Yanovskiy in particular in the context of the negotiations on the EU-Russia-Belarus electricity agreement concerning the management of the Baltic power system. They also discussed the application of the EU internal market legislation and its impact on Russian companies, and infrastructure issues. Progress on these issues was limited.

The work of the Energy Dialogue is carried out since 2012 through four Thematic Groups; in addition to the Gas Advisory Council: Energy Markets and Strategies, Electricity, Energy Efficiency and Technology, and Nuclear issues. All thematic groups met in 2012 except the group on Electricity.

1. Energy Markets and Strategies

The Thematic Group on Energy Markets and Strategies, met in March and July. An extraordinary meeting was organised in November to prepare the Energy Permanent Partnership Council. The main task of the group in 2012 was to coordinate the work on the EU-Russia energy roadmap until 2050. Before end of 2012, the chapters on energy efficiency, renewables, and oil could be finalised, whereas no final agreement could be reached on the chapters on gas and electricity. At the PPC it was agreed to continue discussions in 2013 and to finalise the report until March 2013. Detailed discussions took also place on the gas supply situation during the Europe-wide cold spell in February 2012, the situation of the reforms in the Russian energy sector, and the supply reductions in the *Druzhba* oil pipeline since spring.

The subgroup on Scenarios met in June and October. The second meeting was organised back-to-back with a meeting of the Gas Advisory Council in Moscow and focused on the development of gas consumption in the EU.

2. Energy Efficiency and Technology

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.

Following the nomination of the Russian co-chair, meetings re-started in April 2012, when the first meeting between the EU Co-chairs and the Russian Director in the Ministry of Energy responsible for energy efficiency took place. A second meeting was held in October in Moscow, and a third is planned for April 2013 in Brussels.

Good advancement in the Work Plan implementation has taken place and the parties agreed to deepen this collaboration, including on policy exchange, Roadmap 2050, list of projects on energy efficiency and renewable energy, participation in events such as the EU sustainable Energy Week to be held in Brussels in June 2013.

On 25-26 June the European Commission's Joint Research Centre (JRC) organised the Enlargement and Integration Workshop on Energy Efficiency Policies and Financing in Moscow, in collaboration with the Russian Energy Agency. The aim of this workshop was to gather the latest information on policies to improve energy efficiency in buildings and financial solutions to implement the energy efficiency investments and to discuss these topics with key local actors on energy efficiency in buildings.

3. Nuclear issues

The first meeting of the Nuclear Thematic Group took place on 30 October in Brussels. The group started discussions on its work plan and its terms of references.

In the field of **nuclear safeguards and security**, the JRC is implementing on behalf of DG DEVCO some projects under the *TACIS* programme in the Russian Federation. All the projects should be finished by the end of 2013. The projects cover areas where JRC has competence and expertise:

- Improvement of accountancy and control of hold-up and waste in *RT-1* plant at Mayak (duration 2009 - end of 2013);
- Establishment of testing laboratory at the Russian Research institute of automatics (VNIIA – part of Rosatom) for certification of nuclear material control instruments – end of installation and tests of equipments and final report by June 2013;

- Development and introduction of modern sealing devices at *Minatom's* enterprises (End of minimum period necessary for the trial implementation of seals by July 2013);
- Implementation of measures to combat illicit trafficking of radioactive and nuclear material – Multi-country project dedicated to the Russian Federation, Ukraine, Republic of Moldova, Georgia, Republic of Kazakhstan and Azerbaijan
- Containment/Surveillance system for RBMK spent fuel storage on *Kursk* NPP – Russian Federation;
- Sustainability of *UrSiMRC* (Ural Siberian Methodology and Research Centre) – Russian Federation.

4. Gas Advisory Council

The **Gas Advisory Council** met in January, April, July and October. The Gas Advisory Council consists of industry and academic high-level experts from both sides and should provide independent advice to the Coordinators of the Dialogue. 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.

The Council had in-depth discussions on several aspects of EU-Russia gas relations. The Gas Advisory Council prepared a contribution to the gas chapter of the EU-Russia roadmap.

The Northern Dimension Environmental Partnership (NDEP) has supported energy efficiency projects in the district heating sector. Energy efficiency related investment projects are being implemented i.a. in the cities of Kaliningrad and Novgorod.

g. Environment

The Environmental Dialogue was launched at the first Environment Permanent Partnership Council (PPC) held in 2006. The second Environment PPC was held in 2009 and the next is planned for 2013. In 2011 the Dialogue was refocused on priorities under the EU-Russia Partnership for Modernisation: development of a *Shared Environmental Information System* (SEIS), joint actions to combat illegal logging of timber, common standards for environmental impact assessment (EIA) for transboundary projects, improved industrial emission control. Also in 2012 cooperation continued on biodiversity and nature protection and water and marine issues. The dialogue on these

issues is conducted through Director-level contacts and joint expert sub-groups supported in some cases by projects funded through the *ENPI Regional East* programme in which Russia is participating.

Activities relating to the Partnership for Modernisation priorities included:

- Review of progress towards the establishment of a SEIS (environmental information system) at the third meeting of the expert sub-group on Convergence of Environmental Monitoring held at the European Environment Agency in Copenhagen in November. The work of this sub-group also covered Forest and Land Cover Monitoring, establishing a, long-range transportation of pollutants, and improved waste and hazardous chemicals practices. Elements for a revised work plan were agreed on;
- On forestry, the EU participated in a roundtable organised by the Duma Committee for Natural Resources, Environmental Management and Ecology on "*Improvement of legal basis to counteract illegal logging*" held in March 2012;
- The Russian government continued internal consultation procedures regarding the ratification of the Espoo Convention;
- A key contribution to the modernisation agenda this year was a joint-conference organised by the *Ministry of Natural Resources & Environment* (MNRE) and DG Environment on '*The EU-Russia Partnership for Modernisation in Waste Management*' held in Moscow in May 2012. This conference which brought together representatives of EU and Russian business, policy-makers and experts focused on opportunities for business in the waste recycling sector, looking in particular at recycling of used tyres and packaging. It was agreed to continue cooperation to stimulate business investment in this area;
- Cooperation on industrial pollution control remains stalled, since the relevant expert sub-group is not operational. Russia has not nominated a co-chair. Despite high potential for collaboration in this sector, only small-scale and ad hoc contacts have taken place.

With regard to other activities, the fifth meeting of the Subgroup on Biodiversity and Nature Protection was held in Moscow in June 2012. The discussions covered recent policy developments in the EU and Russia including on Green Infrastructure, invasive alien species and the economic evaluation of biodiversity services as well as exchange of information on international issues including the *Convention on Biological Diversity*. A workshop on the protection and monitoring of wildlife habitats and their species was held back-to-back with the meeting. It was agreed to have the next meeting of the sub-group in Brussels in 2013.

The fourth meeting of the Water and Marine Issues subgroup was held in Brussels in July. It discussed 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. No progress can be reported as regards Russia's support for the EU's participation in the Black Sea Convention. Regarding the *Nemunas* and *Daugava* rivers, Russia confirmed that it was ready to begin negotiations on receipt of formal letters of support from Lithuania and Latvia. The meeting also exchanged information on recent

water and marine policy developments in the EU and Russia.

In December 2012 the first phase of a new regional programme involving Georgia, Ukraine and the Russian Federation was launched. Improving Environmental Monitoring in the Black Sea (2013-14) is a preparatory action preceding a full scale programme whose objectives are to improve (a) availability and quality of data on the chemical and biological status of the Black Sea, in line with expected Marine Strategy Framework Directive (MSFD) and *Black Sea Strategic Action Plan* needs and (b) partner countries' ability to perform marine environmental monitoring along the MSFD principles.

Linked activities took place under the ENPI *Eastern Regional project on Improving Forest Law Enforcement and Governance*. This project was funded by the European Commission (€ 6 million, 2008-12) and was successfully concluded in 2012. It aimed at contributing to legal and sustainable forest management and utilization practices and improved local livelihoods focussing on exchange of experience on approaches to regulating illegal logging, and improving compatibility of monitoring and indicators. A second phase (€ 9 million, 2012-2016) of the project was launched in December 2012 and will continue activities building on the conclusions and results from the first phase. Linked activities took place under the ENPI Eastern Regional project "*Towards a Shared Environmental Information System*".

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 is co-financing 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*" was completed in June 2012. The overall objective was to promote Baltic Sea protection from hazardous waste and agricultural nutrient loading as well as to improve management of hazardous and agricultural wastes in St. Petersburg, Leningrad and Kaliningrad Oblasts. The project's second phase finished in June 2012.

A new project "*Implementation of the HELCOM Baltic Sea Action Plan*" started in June 2012 (project duration 24 months, budget € 2.5 million). This project aims at promoting Baltic Sea protection from pollution of hazardous substances and nutrients and protection of biodiversity.

A Collaboration Agreement between the JRC and the *V.V. Dokuchaev Soil Science*

Institute has been signed in Ispra (Italy) on 6 November 2012. The 2010 *Soil Atlas of the Northern Circumpolar Region*, developed in close cooperation with this Institute as well as the *Russian Academy of Sciences Institute of Geography; Institute of Geocryology, Yakutia; Institute of Biological Resources of the North-Polar Ural* and other Russian research organisations, was presented to the Russian Authorities in the first quarter of 2012.

The Northern Dimension Environmental Partnership (NDEP), which was launched in 2001, has been financing environmental and water quality investments in North West Russia since 2002. The NDEP support fund had launched investment projects in the environmental field, mainly focusing on water and waste water management, but also energy efficiency and solid waste, as well as several nuclear safety projects. The overall contribution of the European Union to the NDEP support fund totals € 84 million, making it the largest contributor.

h. Climate action

The EU continued to engage with Russia on climate change and to secure Russia as a constructive partner for achieving a global and comprehensive agreement by 2015 as agreed at the Durban climate conference.

The meeting of the Climate Change subgroup in February in Brussels focused on the latest developments in the EU and Russian climate policy, in particular Russia's Integrated Implementation Plan of the Climate Doctrine until 2020, on ways to reduce greenhouse gas emissions from aviation, on joint Implementation projects and on progress to reduce greenhouse gas emissions in Russia's waste sector.

An informal bilateral meeting of negotiators in Cyprus in November helped preparing the Climate Summit in Doha.

The European Union launched in December 2012 a new programme on climate change involving Russia: "*Clima East: supporting Climate Change Mitigation and Adaptation in Neighbourhood East and Russia*" (2013-2016). The programme has a total budget of €18 million and consists of two components. Component 1 has the main objective to improve partner countries' access to information on the EU climate change legislation, policies, knowledge and experience and an expert facility to support partner countries' administrations in climate change policy formulation and implementation. Component 2 has the objective to show the effectiveness of ecosystem-based approaches in tackling climate change mitigation.

i. Transport

EU-Russia transport relations have remained difficult in particular in relation to air transport issues, but also others such as rail and road transport.

Transport cooperation, including transport irritants were discussed in a high level meeting between Vice President Kallas and the new Russian Minister of Transport, Mr Sokolov, in Sochi end of May. However, no tangible results could be achieved. Therefore, EU-Russia transport dialogues were put on hold in 2012 until Russia would make progress implementing the so called "*agreed principles*" on Siberian over flight royalties.

1. Working Group on Transport Modernisation / Maritime and Inland Waterway Transport

There has been no meeting of these two working groups in the course of 2012.

2. Working Group on Transport Security

A meeting of this group took place in February in Brussels, however, no concrete results have been achieved.

3. Air Transport

The EU-Russia Aviation Working Group met for the last time in Brussels in January 2012. Despite some encouraging and positive developments in 2011, EU-Russia aviation relations remained difficult in 2012. Russia has not implemented its commitments on Siberian over flight royalties from end-2011.

In the framework of Russia's WTO accession, the EU and Russia reached an agreement on the phasing-out of the **Siberian over flight royalties**. However, so far Russia has not implemented these commitments and instead linked the Siberian over flight royalties to the EU Emissions Trading Scheme (ETS) issue. This means that the situation remains unchanged for EU carriers, which will have to continue to pay Siberian over flight royalties.

Russia for the first time agreed to accept **EU airline designation** at the EU-Russia Aviation Summit (12-13 October 2011, St. Petersburg) and hence to align all bilateral air transport agreements with EU legislation by mid 2012. However, Russia has linked the designation question to ETS and put necessary ratification procedures on hold. Since then the EU airline designation issue remains on the agenda.

Russia strongly opposed the inclusion of Russian airlines in the **EU ETS**. As important progress had been achieved at international level (ICAO) in the course of 2012, the EU decided to "stop-the-clock", thereby giving the ICAO-negotiation process an additional year to find a solution.

Furthermore, safety problems with certain aircrafts of Russian carriers remain an issue.

4. The Northern Dimension Partnership on Transport and Logistics (NDPTL)

The constituting Assembly of the NDPTL Support Fund took place on 11 December

2012 in Helsinki. Over 3.0 million euro is available to support projects and studies to be carried out in the NDPTL framework. The first contributions or pledges were made by the EU (1.4 million euro), Finland (1.0 million euro), Norway (0.5 million euro) and Germany (0.15 million euro).

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

i) Agriculture

The 2012 EU-Russia Agricultural Dialogue meeting was postponed by the Russian side to 2013. As regards **Geographical Indications**, as negotiations on a New Agreement stalled, an ad hoc technical working group was set up with Russia and started to meet in 2012 to explore the feasibility of an agreement on GIs.

Among other trade irritants affecting agricultural products (ban on live animals, non WTO compliant customs valuation, wrong implementation of WTO bound tariffs, threatened safeguard clause on imports of EU live pigs), draft Customs Union legislation and Russian laws affecting EU exports of wine, spirits and beer has retained most of the attention, generating numerous letters and several meetings with Russian officials. To tackle these issues, an **EU-Russia working group on alcoholic beverages** has been set up between the Commission and the Russian Federal Service for Alcohol Market Regulation (FSRAR).

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 refer to “industry related dialogues” and “environment”.

iii) Sanitary and Phytosanitary issues

The Dialogue **on Sanitary and Phytosanitary issues** (SPS) remained intensive. Many meetings were held with the Russian Federal Service for Veterinary and Phytosanitary Surveillance (*Rosselkhoz nadzor*) (January in Berlin, March in Moscow, April in Moscow, May in Paris, June in Brussels and in St Petersburg, July in Moscow, September in Flesensee, October in Geneva and in Astana, November in Larnaca, December in Brussels) and audio-conferences. Six of these meetings were technical negotiations of EU-Customs Union veterinary certificates, in which the competent authorities of Belarus and Kazakhstan participated. Six audio-conferences with Dr Onishchenko, the head of the Russian Federal Service on Surveillance of Consumer Rights Protection and Human Well-Being (*Rospotrebnadzor*) also took place.

Despite Russia's accession to the WTO, in a number of cases, Russian/Customs Union SPS measures remain non transparent, discriminatory, disproportionate and not in line

with international standards and norms. In 2012 Russia introduced a number of new SPS restrictions. On the other hand, the Russian Federation has started to implement its WTO SPS notification obligations.

On **veterinary issues**, as a result of Russia's WTO commitments, bilaterally negotiated EU-Russia veterinary export certificates remain valid during a transitional period until corresponding EU-CU certificates are agreed. The EU successfully continued these negotiations and seven EU-CU certificates were initialled in 2012. Although the process of negotiations is slowed down due to the involvement of more parties, it has brought positive results; three out of these seven certificates cover commodities (raw material for petfood and feed; sheep and goat meat; gelatine and collagen) and the new beef certificates provides for BSE testing conditions that are aligned with EU ones. Russia has also lifted its bans on ruminants from the UK due to BSE. The EU obtained the prolongation of remaining existing EU-Russia bilateral certificates after 1 January 2013.

On the other hand, Russia also introduced a number of new restrictions in the veterinary sector in 2012. A ban on cattle, sheep and goats and their genetic material was imposed on nine EU Member States in January and February due to the Schmallenberg virus. This was followed by Russia's ban on non-breeding pigs and ruminants for all EU Member States, introduced on 20 March 2012. The ban was imposed after some negative findings at border controls (errors on documents or in establishments' lists) and during inspections in certain Member States. The latter ban affects primarily exports of slaughter pigs from the Baltic States and was concomitant to a decrease of tariffs for export of pigs to Russia. Although the EU has been constantly raising the disproportionate character of this ban in various fora, Russian authorities refuse to revise it and tend to point at any incidents to illustrate what they argue is a failure of the EU system of control.

Rosselkhoznadzor introduced a ban on breeding pigs from Germany based on an allegation of Brucella finding which was subsequently contradicted by a counter-expertise. So far the restriction has not been lifted.

Russia continues to create problems when it comes to the inspection, listing of the establishments and refuses to withdraw the establishment listing requirement for a number of commodities (live animals, dairy products, casings, feed of animal origin, composite products, gelatine) contrary to its WTO commitments. Russia introduced restrictions on a number of casings, meat products and milk products establishments, targeting in particular Germany.

In response to Russia's request for further access to the EU market and following several EU audits in Russia, the Commission adopted three Implementing Regulations authorising the import into the EU of poultry, poultry meat products and eggs from the whole territory of the Russian Federation; the import of bovine and porcine meat products from the Kaliningrad region as well the transit of bovine animals from Kaliningrad through the territory of Lithuania to the mainland of Russia.

Most of the SPS requirements (except for phytosanitary) are now harmonised between

Russia, Belarus and Kazakhstan as members of the Customs Union. The EU has invested considerable efforts in translating the requirements and commenting on draft Technical regulations and Decisions; however so far no answer was received except for the Technical Regulation on milk and the draft CU list of quarantine pests.

Cooperation on harmonisation for maximum residues levels (MRL) for tetracycline, heavy metals and nitrates with the Russian Federation continued. *Rospotrebnadzor* however insists on maintaining the tetracycline MRL for animal products based on the Russian scientific evaluation which is not based on the Codex Alimentarius standards. As regards ractopamine MRL, the Russian side supports the EU position and closely monitors the presence of this growth promoter in meat imported from the third countries. On **phytosanitary issues**, *Rosselkhoznadzor* continued to push for the conclusion of a Memorandum of Understanding on trade of plants with soil attached in January 2012 but the EU side highlighted that, with Russia being now WTO, no bilateral agreement was needed and direct reference to international standards could be used.

The Russian Federation as a WTO member undertook a commitment not to perform plant health inspections in the exporting country on a regular basis. In line with this commitment the Commission requested Russia, Hungary and Poland to denounce their bilateral agreements passed in 2009, which foresee joint-inspection of the exporting nurseries every two years. Russia does not accept to repeal these agreements of 2009, insists to get alternative commitments from these Member States and threatens to impose restriction on the nursery products from the whole EU without a scientific justification.

To make further progress in the SPS field, the Commission proposed to set up working groups on animal health matters, regionalisation, veterinary certificates, phytosanitary issues with *Rosselkhoznadzor*, to which representatives of other Customs Union partners would also be invited.

iv) Fisheries

The Russian fisheries institute *AtlantNiro* (Kaliningrad) hosted the 2012 meeting of the Joint Baltic Sea Fisheries Committee (JBSFC), established under the Bilateral Agreement on Cooperation in Fisheries and the Conservation of Living Marine Resources in the Baltic Sea (2009). The Parties re-confirmed their interest in cooperation on a long-term approach to sustainable fisheries management in the Baltic Sea and on strengthened scientific cooperation in the framework of the *International Council for the Exploration of the Sea* (ICES). However, progress could not be achieved on completing the agreement on the allocation of certain stocks between the Parties. The Russian delegation stated that it did not wish to proceed in agreeing on Total Allowable Catches.

The working groups established under the JBSFC on "*Long-Term Management Plans*" and on "*Control, Monitoring and Enforcement*" met once in 2012 and pursued work on the comparative analysis of the regulatory instruments applied by both Parties in the Baltic Sea.

The Russian fisheries institute *GOSNiorh* (Saint Petersburg) hosted the 2012 Fisheries

Dialogue meeting under the Partnership for Modernisation. 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. The 2012 meeting was largely dedicated to relations in the context of the *Regional Fisheries Management Organisations* (RFMOs) to which both are members. A particular focus was the North Atlantic. The major common interests of the European Union and the Russian Federation in fisheries are in the North Atlantic (and more particularly the North-East Atlantic), where the RFMO responsible for fisheries management is NEAFC. Fundamental management decisions for the stocks in this area are agreed by the Coastal States. These are subsequently endorsed by NEAFC which establishes management measures for waters outside national fisheries jurisdiction. The Fisheries Dialogue offered the opportunity to start planning for the 2012 consultations one of which, that for *Rockall haddock*, is a bilateral EU-Russian interest.

Beyond the North Atlantic, both Parties are members of a number of other RFMOs including those in the Antarctic and Pacific oceans. The South Pacific RFMO Convention entered into force in August 2012, with both the EU and the Russian Federation having deposited the necessary instruments of ratification. The question of the basis for the catch reports of the Russian Federation in the South Pacific RFMO remains outstanding.

Within the *Commission for the Conservation of Antarctic Marine Living Resources* (CCAMLR) the Russian Federation has been amongst the countries resisting EU-supported attempts to further reinforce the sustainability of fisheries in the fragile Antarctic environment. It has resisted defining effective capacity management in exploratory fisheries for toothfish as well as the proposal to establish Marine Protected Areas (notably in the Ross Sea and East Antarctica).

In the absence of a regional fisheries management body for the Black Sea and in the context of RF's opposition to the EU's membership of the Bucharest Convention, the EU is seeking to reinforce the role of the *General Fisheries Commission for the Mediterranean* (GFCM) in the Black Sea. Although the Russian Federation is not a member of the GFCM, Russian scientists did attend the first GFCM ad hoc Working Group for the Black Sea that took place in January.

Cooperation on Maritime Affairs

Bilateral progress on maritime affairs in 2012 was limited. Nonetheless, as regards the Baltic Sea several opportunities for exchange and dialogue were pursued within the framework of established fora including the *Helsinki Commission for the Baltic Marine Environment* (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. Exchange of views on projects of bilateral interest in the context of the EU Strategy for the Baltic Sea Region took place, where future cooperation on maritime safety and security was considered to be important.

In the early summer the EU published the Communication *Developing a European Union Policy towards the Arctic Region: progress since 2008 and next steps*. Full observer status for the EU in the Arctic Council remains a strategic priority. The Russian Federation has not yet signalled its clear support for the EU's bid for observer status.

The EU reconfirmed in 2012 its commitment to strengthen cooperation in the Black Sea. In November an invitation was sent to the Ministry of Foreign Affairs of Turkey, Georgia, Ukraine and the Russian Federation to appoint counterparts for discussions with the Commission on integrated maritime policy in the Black Sea, also in view of the organisation of a Stakeholder Conference in Autumn 2013.

The European Commission's Joint Research Center collaborates with the *Shirshov Institute of Oceanology, Russian Academy of Science*, Moscow. In 2012, this involved the organisation of a joint oceanographic campaign in the Black Sea and a meeting in Ispra (Italy) in the context of the project “*Bio-Optical Characterization of the Black Sea for Remote Sensing Applications*”, supported by NATO through the Science for Peace programme.

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

A Regional Policy Dialogue was established in early 2007. Six seminars and high level meetings have taken place since, 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. A proposal made 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.

The cooperation between Russia and the European Union on questions regarding regional and territorial development is becoming increasingly important, not only because the European Union and the Russian Federation share common borders but also because both cover territories of a continental scale which leads to similar large-scale problems. It is natural that such problems should be studied and solved by joint efforts.

In this context, it was agreed that the EU-Russia regional policy dialogue could make an

important contribution to the exchange of experiences and good practices on cross-border cooperation to support Russian authorities' efforts to enhance cross-border cooperation with non-EU countries. Therefore, in 2013, within the regional policy dialogue a workshop in Russian Federation and an information session/study visit in Europe (internal border areas) for Russian and Ukrainian participants will be organised.

Cross Border Cooperation programmes:

According to the ENPI Cross-border Cooperation (CBC) Strategy Paper 2007-2013, the CBC programmes are focused 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.

Russia participates in five cross border cooperation (CBC) programmes under the European Neighbourhood and Partnership Instrument (ENPI) with €267 million of EU funding:

- Kolarctic Programme (Russia, Finland, Sweden, Norway)
- Karelia Programme (Russia, Finland)
- South-East Finland Russia Programme
- Estonia-Latvia-Russia cooperation programme
- Lithuania-Poland-Russia (Kaliningrad) programme

The CBC programmes with Russian participation are generally well advanced. The Kaliningrad programme faced certain implementation challenges that have resulted in a reduction of the programme scope and budget. 123 projects in as diverse fields as environmental protection, tourism, education and culture have been contracted in all of them.

These programmes have committed themselves to implement also large scale infrastructure projects (LSPs). The "Finnish-Russian" programmes have submitted 17 LSP proposals and 14 have been approved so far. Five LSPs have been approved under the ELR programme and three under the LPR programme.

Russia co-funds the five ENPI CBC programmes in which it participates with a total of 103.7M€. Programming activities for the 2014-2020 CBC programmes have started already in 2012. The applicable regulatory framework will be finalised in 2013.

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 2011 and a second one in December 2012, both in Brussels.

In 2012 there have been two meetings of the communicable diseases subgroup and one meeting of the pharmaceuticals subgroup. It was agreed to create a new subgroup on health determinants and other health issues. The food safety subgroup is not anymore part of the Dialogue on public Health, taking into account the new configuration of the administrative structure of the ministry of Health.

A project 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 was finalised in 2012. The results show that there are no substantial differences between both legislations and implementation. In spite of these results, there is no advancement in the negotiations regarding the position of EU pharmaceutical industry in the Russian Federation.

Cooperation in 2013 will include continuing work on clinical trials, Good Manufacturing Practices and relations with the *European Medicines Agency*, and orphan medicinal products and rare diseases; common exchange of information on communicable diseases, mainly pandemic influenza, vaccination and tuberculosis, and exchanges in the field of nutrition, alcohol and tobacco.

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.

Next Steps:

a. *Industry Related Dialogue*

i. Regulatory Dialogue on Industrial Products:

- *Automotive industry*: two meetings foreseen in 2013. The first will take place in Moscow in April and the second in Brussels in April 2013.
- *Textile*: Brussels, April or May 2013 (tbc);
- *Forest based industries*: tbc;
- *Conformity Assessment and Standardisation*: meeting planned for April 2013 in Moscow;
- *Construction*: a workshop on examples of bridge design using the *Eurocodes* and the Regulatory Dialogue Construction Sector Subgroup meeting are foreseen on April 18-19, 2013, in Saint Petersburg;
- Plenary meetings of all the co-chairs of this dialogue most likely in May 2013.

ii. Industrial/Enterprise Policy Dialogue:

- *SG Mining and Metals*: Autumn 2013, Brussels;
- *SG SME and Enterprise*: tbc, possibly linked with the plenary meeting of all the subgroups;
- *SG Chemicals*: tbc;
- Plenary meeting of all the co-chairs of this dialogue most likely in May 2013.

iii. Information Society:

- The eighth EU-Russia Information Society Dialogue is expected to take place in Moscow in June 2013;
- Meetings at Working Group level (ICT Research and eInfrastructures) are expected to take place soon after the Russian co-chairs have been appointed;
- Meetings at expert level addressing regulatory issues for electronic communications, as well as other Information Society policies are expected to take place;
- In late 2013, an EU funded project is expected to be launched to provide support to the activities of the two EU-RU Working Groups on ICT Research and eInfrastructures.

iv. Space:

- The next meeting of the trilateral EC/ESA/Russia space co-operation steering board is expected to take place in Brussels mid 2013;
- Scientific collaboration between the JRC and IKI (*Space Research Institute of the Russian Academy of Sciences*) will continue in 2013 for the monitoring of forest cover over Russia.

b. Trade Related Dialogue

- Work towards resolutions of outstanding trade disputes. As of accession Russia has been in breach of some of its WTO commitments in a number of areas, in particular with regard to the automotive sector. While the EU is trying to find a bilaterally negotiated solution to these WTO infringements, resort to WTO's dispute settlement mechanism could be necessary if bilateral discussions do not bring satisfactory results.

i. IPR Dialogue

- Next meeting was foreseen for March 2013 in Moscow.

ii. Public Procurement Dialogue:

- It was agreed that a new meeting of the regulatory dialogue would be organised in Moscow in 2013 (tbc).

iii. Trade and Investment Dialogue:

- The last meeting of the EU-Russia Trade and Investment dialogue took place in the first half of 2012. The last meeting of the trade subgroup took place in February 2013 and the next meeting of the investment subgroup was planned for March 2013.

c. Customs and border management

- The next meeting of the EU-Russia Working Group on Customs Border Issues is expected to take place in the first half of 2013.
- An expert group has been set up with participation of Member States on AEOs/risk management. First meeting to be held in the first half of 2013 in Brussels.
- An expert group has been set up with the participation of Member States on legislative convergence and will meet in the first half of 2013 in Moscow, to discuss customs valuation and transit followed by other subjects.
- 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 2013, once division of competence issues between the Federal Customs Service and the Eurasian Economic Community have been addressed.
- Joint evaluation of the results of the EU-Russia customs cooperation strategy, including the pilot project on exchanges of advance information, in the course of 2013.

d. Competition

- The informal contacts as described for the year 2012 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 of the Macroeconomic and Financial Policies Dialogue is foreseen in Brussels in autumn of 2013;
- The next working group meetings on accounting and auditing, and on insurance will be scheduled in the first half of 2013;
- The working group on Banking and Securities is foreseen to meet twice in 2013 to discuss a number of issues, including G20 agenda, implementation of Basel III requirements and the initiatives related to banking regulations in the EU and Russia;
- The next working group on exit strategies and sustainable growth will be organised in Brussels around June 2013;
- Working towards signature of the Memorandum of Understanding between *Rosstat* and *Eurostat*. *Eurostat* met the head of *Rosstat* at the annual United Nations Statistical Commission meeting in New York in February 2013;
- Eurostat will be attending an international conference in Moscow on “20 years of Russian statistics, modernisation: experience and perspectives” at the end of May 2013 to celebrate the International Year of Statistics;
- Other ad-hoc meetings within the statistical community throughout the year are possible.

f. *Energy*

The provisional schedule of the Dialogue for the first half of 2013 foresees the following meetings and events:

- A meeting of the Gas Advisory Council took place on 29 January 2013 in Vienna and the next meeting will take place on 14 June 2013;
- A meeting of the Sub-group on Scenarios, Brussels;
- Meeting of the following Thematic Groups (TG): Energy Strategies and Markets (April Brussels), Electricity (March, Brussels), Energy Efficiency and Innovation (18 April, Brussels), Energy Markets and Strategies (June, Moscow), Nuclear Energy (June, Saint Petersburg);
- The Second Conference on Alternative Uses of Gas will take place in June 2013).

g. *Environment:*

- Hold 3rd PPC-Environment in first half of 2013 focusing on green economy

and modernisation issues;

- Implementation of Russian components of the ENPI Eastern Regional projects on, Waste Governance, Air Quality, Climate Adaptation and a Shared Environmental Management Information System. Preparation of phase two of the Forest Law Enforcement and Governance project;
- Follow-up actions to finalise a new work plan on environmental monitoring to be agreed between the European Environment Agency and the Russian authorities (planned for February 2013);
- Further activities on waste as a business opportunity following the joint EU-Russia conference held in Moscow in May 2012;
- Consider in the NDEP steering group future priorities for project support for the non-nuclear window;
- Hold 7th meeting of the sub-group on Forest Law Enforcement, Governance and Conservation, date to be set by Russia;
- Hold the 6th meeting of the Biodiversity and Nature sub-group in Brussels in 2013. The exact dates for the meeting are to be agreed with the Russian side;
- The next meeting of the NDEP Assembly of Contributors is scheduled for 29 November 2013.

h. Climate Action

- EU-Russia Climate Change Subgroup met on the 21st of February 2013 in Moscow.

i. Transport

- Implementation of Agreed Principles in accordance with the agreement reached in November/December 2011;
- Transport dialogues: no meetings scheduled until the implementation by Russia of the "*agreed principles*";
- NDPTL: the EU/DG MOVE is the High Level Chair in 2013 with Russia as Steering Committee Chair. Main goal for NDPTL is the identification of projects to be co-financed through the newly created Support Fund.

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

- Fisheries Dialogue meeting was planned for March 2013, Brussels;
- Meeting of the Joint Baltic Sea Fisheries Committee (JBSFC) in June, Brussels;
- One meeting for each of the two working groups under the JBSFC;
- A high-level stakeholder conference on maritime affairs and fisheries in the Black Sea.
- In July 2013, JRC will organise a training course on advanced digital soil

mapping techniques at the Eurasian Centre for Food Security in Moscow.

- In September 2013, JRC will organise an Enlargement and Integration Workshop on Bioenergy in Russia. This workshop aims at addressing the following issues: biomass resource assessment (from agriculture, forestry and waste), biomass uses (transport, heat and electricity), pellets production and exports, status of solid biomass use and exports, technology options for air transport, algae conversion and biogas, bioenergy policy and markets, biomass certification, EU/Russia and Ukraine cooperation in the field of bioenergy.

k. Interregional and Cross-border Co-operation

- Contract to organise study visits and workshop on cross-border cooperation has been signed on December 2012. Indicative calendar: second quarter 2013 for the study visit and fourth quarter 2013 for the workshop.

l. Public Health

- Meetings for 2013 have been fixed for April in the area of communicable diseases. Conversations at high level are expected in the area of pharmaceuticals, in order to try to unblock the situation.

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 PPC took place on 2-3 October in Nicosia. The Russian side was represented by Mr Alexander Kononov, Minister of Justice and Presidential Special Envoy for EU-Russia JLS cooperation, and Mr. Vladimir Kolokoltsev, newly appointed 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 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 Joint Conclusions of October had a strong focus on human rights and rule of law, including the independence of the judiciary – those topics were first time reflected in the agenda meeting. The Parties further welcomed the ongoing implementation of the Common Steps including particular actions and efforts undertaken so far (exchange of written information, field missions etc). In addition, the Parties discussed at length the perspectives of finalisation of the negotiations of the amended Visa Facilitation Agreement and endorsed the Migration Dialogue Work Plan for 2013-2014. Furthermore, they reiterated their common interest to cooperate in the fight against corruption and trafficking in human beings, including through implementation of their international anti-corruption commitments. Finally the EU renewed its invitation to work actively within the Global Alliance against Child Sexual Abuse Online with Russia.

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 Readmission Committee met in July and December for 11th and 12th time respectively. The negotiations on the upgraded EU-Russia Visa Facilitation agreement were further carried out. Substantial progress has been made and the agreement is ready for initialling by the EU side.

Under the Visa Dialogue the implementation of the “**Common Steps towards visa free short-term travel of Russian and EU citizens**” was launched. A kick off session among experts took place on 14-16 March. Further exchange of written information took place between April and November (including the replies to additional questions). Two field expert missions to Russia took place on 24-28 September and 28 November-7 December under Blocks 1 and 2 respectively. One mission of Russian experts to the EU (LT, LV, SE, IT, ES) under Block 2 took place on 12-19 December.

The **EU - Russia Migration Dialogue** was carried out in line with its Work Plan including by organising the relevant meetings and seminars. The October PPC endorsed the second detailed Work Plan for 2013-2014.

Following the **adoption of the amendment of the Local Border Traffic regulation** covering the entire Kaliningrad region and certain Polish administrative districts, the agreement between Russia and Poland entered into force on 27 June 2012.

Dialogue on border management and cross border cooperation issues 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

In the context of the negotiations on the operational agreement between Russia and Europol, an expert seminar on exchange of confidential information took place in September 2012 during which additional clarifications were provided. The negotiations are now in the final stage. 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 thereto remain an important factor for the conclusion of these negotiations.

Following the seminar on anticorruption which took place in December 2011 focusing on lessons learnt from the experience of EU Member States in the fight against corruption and the role of civil society, both Parties worked to organise a follow up event focusing in particular on anticorruption and public procurement with the participation of civil society. The event initially scheduled to take place in Brussels before the end of 2012 was postponed for 2013.

The negotiations of the EU-Russia agreement on Drugs Precursors were concluded in 2012.

c. Justice

Negotiations of a Cooperation Agreement with Eurojust have not advanced. 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.

On 03 May 2012 Russia ratified the UN Convention on the Rights of Persons with Disabilities. Russia has to bring changes in the national legislation in line with the norms of the Convention. Preparations for this action had included consultations of the Russian Government with disability CSOs. An important role in monitoring further progress remains with the professional community and civil society organisations. The EU has been funding CSOs representing the rights of persons with disabilities in the Russian regions, developing their lobbying capacity, sustainable partnerships with various stakeholders, awareness raising on the rights of persons with disabilities, best practice in service provision and social inclusion.

With regard to family law, the Commission has constantly promoted the accession by Russia to the conventions of the Hague Conference on Private International Law and in

2011 Russia acceded to the 1980 Convention on the Civil Aspects of International Child Abduction. In 2012, Russia also acceded to the 1996 Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Co-operation in Respect of Parental Responsibility and Measures for the Protection of Children. These developments are welcome, as once fully implemented, the EU and Russia would have a common judicial framework to solve disputes involving child abduction and custody issues.

In 2012, the implementation of a project on Application of the Hague Conventions on Protection of Rights of the Child in the Russia Federation was ongoing under the Partnership for Modernisation. 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).

A second and third phase of the Hague Conventions project is being implemented on Application of the 1980 Hague Convention on Child Abduction, application of the 1996 Hague Convention on Child Protection and analysis of the possible accession of Russia to the 2007 Hague Convention on child support.

Under the Partnership for Modernisation, the project on the Introduction of the appeal in the Russian judiciary system was ongoing. The project started in 2011. The 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 project analyses the current Russian system of review of court decisions in the light of European standards; contributes, 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; elaborates methodological recommendations on the necessary actions for the introduction of the appeal and related amendments to the cassation review and the supervisory control over judicial decisions. The project prepares training methodology and materials for the implementation of the new system of appeal, organises workshops/seminars and evaluates the legislative changes related to the introduction and implementation of the appeal system.

The year 2012 witnessed further professionalization and increase in the number of NGOs joining child protection networks which have been supported by the EU. Such networks unite around 300 organisations in various Russian regions. The annual EIDHR conference on the rights of the child organised by the EU Delegation on 28 June 2012 brought together many professionals who represented these networks. The topics, discussions and presentations were brought to the attention of the Federal Government, including the Ministry for Foreign Affairs, State Duma and Federation Council.

Under the Partnership for Modernisation, a contract for a new project on anti-corruption - "*Protection of the Rights of Entrepreneurs from Corrupt Practices in the Russian Federation*" - was signed with the Council of Europe. The project will be implemented with the Federal and Regional Business Ombudsmen, the General Prosecutor's office and other relevant enforcement/supervisory authorities and associations and will continue until the end of 2015. The action aims at improved legislative and institutional framework in the sector, improved capacities and technical skills through advice and training, promotion of awareness, international networking and dissemination, as well as comparisons of Russian practices and experiences of the Business Ombudsman institution with its international homologues.

d. *Human Rights*

The EU and Russia held the fifteenth and sixteenth rounds of EU-Russia human rights consultations in July and in December, both in Brussels. The consultations allowed discussing specific human rights issues in Russia and in the European Union. Both sides had the opportunity to discuss in particular developments in the rule of law (judiciary, law enforcement bodies, prisons), and civil society, including media freedom, the situation of NGOs in Russia and the new legislation affecting their work. The rights of the child and issues of discrimination and racism were also addressed. As usual, the EU and Russia explored ways to improve their cooperation in international fora (UN General Assembly and Human Rights Council; OSCE and Council of Europe).

The EU took the opportunity of the consultations to submit enquiries with respect to specific individual cases and welcomed the fact that Russia provided written clarification to a number of those cases in December 2012. 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, in Brussels, Moscow and St Petersburg prior and after each round of consultations. In St Petersburg, the EU held a series of meetings focusing on the rights of the child and on the situation of LGBTI individuals, who had been affected by the adoption of a regional "anti-homosexual propaganda" bill.

The EU continued to urge Russia to adjust the modalities of the human rights consultations, in particular by also involving ministries and agencies other than the Ministry of Foreign Affairs and by meeting with Russian and international NGOs in the margins of the consultations.

The human rights situation in Russia remained central to the EU-Russia relationship in 2012. 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. In this context, several statements were issued by High Representative/Vice President Catherine Ashton in 2012 on legislative changes in Russia as well as on specific measures taken against members of the opposition.

2012 was an election year for Russia, marked by numerous opposition gatherings and calls for effective domestic election observation during the period between the Duma elections in December 2011 and the inauguration of President Putin in May 2012. New restrictions on freedom of association, assembly and expression were imposed through laws amending the rules of demonstrations, reinstating libel and increasing control over the internet. The adoption of a restrictive legislation, which labels NGOs involved in vaguely defined "political activities" and receiving foreign funding as "foreign agents" and the revision of the definition of what could constitute "treason" under Russian law led to an increased pressure on civil society organisations. This resulted in a decrease of NGO activity in Russia. Prosecution, including arrests and trials, of opposition activists and protest leaders during the election period and afterwards aimed at further intimidating civil society activists and their supporters. The verdict in first and in second instance in the case of the three members of the "Pussy Riot" punk band raised concerns about irregularities in the handling of their case and the lack of a fair trial.

The EU met in Moscow with the Presidential Council on Human Rights and Civil Society, and discussed, i.a. their Council's efforts to seek clarity on the case of Mikhail Khodorkovsky and on the circumstances of the death of lawyer Sergey Magnitsky. So far, these efforts did not produce any positive results. The circumstances of Magnitsky's death in pre-trial detention are still unclear three years after his death.

The human rights situation in the Northern Caucasus remained particularly difficult. The year 2012 saw a rise in violence in particular in Dagestan, while impunity persisted in the region in spite of the well documented continuing instances of torture, abductions, arbitrary detentions, and violations of women's rights.

In that context, human rights issues continued to feature prominently in the political dialogue between the EU and Russia, including at the two EU-Russia Summits, which took place during the year: in St Petersburg in June, and in Brussels in December, as well as at the Justice, Freedom and Security Permanent Partnership Council in October in Nicosia. The EU conveyed its concerns in those fora with regard to the human rights situation and restrictive legislation in Russia.

The EU Special Representative for Human Rights Stavros Lambrinidis visited Russia in October to participate in the *EU-Russia Civil Society Forum* in St Petersburg. He established contacts with the Russian Ambassador for Human Rights Dolgov, met the Chair of the Presidential Council for Civil Society and Human Rights Mikhail Fedotov and the Federal Ombudsman for Children Pavel Asthakov. He also held dedicated meetings with Russian civil society, within and outside Russia.

The European Parliament paid increased attention to the situation in the Russian Federation in 2012. The EU-Russia parliamentary meetings focused specifically on the role of civil society.

Declarations and statements were issued by the EU High Representative Catherine

Ashton on the following subjects:

05/03/2012	Statement on the presidential elections
11/05/2012	Russia: Concern over arrests of opposition leaders in Moscow
12/06/2012	Law on demonstrations
10/07/2012	Russian NGO law
17/08/2012	Pussy riot trial
25/10/2012	Law on treason.

e. Cooperation in the field of civil protection

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

Work on this priority has primarily been taken forward through an administrative arrangement between DG ECHO and the *Russian Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters* (EMERCOM) on cooperation, mutual assistance and aviation support in the response to emergencies, signed on 25 June 2008. This arrangement allows the European 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. The aforementioned arrangement also ensures reciprocity by pledging mutual assistance during major emergencies and a closer cooperation between the Monitoring and Information Centre (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. Exchanges of information take place during emergencies wherever appropriate. Mutual exchanges of experts of the MIC (Monitoring and Information Centre) of the European Commission and representatives of EMERCOM take place annually on a rotating basis. The last visit of MIC experts to EMERCOM took place in May 2012. It is planned that EMERCOM experts visit the MIC in May 2013.

Russia and the European Commission recognize the increasing effectiveness of investing in prevention, mitigation and preparedness activities and have therefore revised the existing Administrative Arrangement. It will significantly broaden the scope for cooperation bringing in prevention and preparedness activities like: exchanging information and best practices on disaster risk reduction, risk assessment methods, risk and contingency scenario planning, receiving international assistance, training, education and public awareness. The revised Administrative Arrangement should be signed in the first half of 2013.

Russian experts regularly participate in EU civil protection training courses.

Next steps

- To finalise the discussions on establishment of a Senior Officials Meeting on JLS matters in the Council and convene its first meeting;
- To continue parallel implementation of the Readmission and Visa Facilitation Agreements, monitor it in the respective joint committees and to conclude the revision of the Visa Facilitation Agreement;
- To continue the implementation of 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;
- To finalise negotiations on a Europol-Russia operational agreement;
- To sign the EU-Russia agreement on 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 2013;
- 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;

EU-RUSSIA COMMON SPACE ON RESEARCH AND EDUCATION, INCLUDING CULTURAL ASPECTS

Progress

a. Research and innovation

Cooperation in research and innovation is a vibrant and important part of the overall EU-Russia relationship. This policy area has been one of the first to pursue a new way of engaging Russia on equal terms and is a fundamental pillar in our overall cooperation with this neighbouring country, which is not, however, part of the Neighbourhood Policy. This dynamic and multifaceted cooperation brings clear benefits for both Europe and Russia, and provides the basis for the proposal to establish an EU-Russia Strategic Partnership in Research and Innovation.

In formal terms, 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.

The S&T Cooperation Agreement, which provides the legal basis for our cooperation, is due for renewal in February 2014. To prepare this renewal, an evaluation by independent experts has been launched. Underlining the special nature of our S&T relationship with Russia, this evaluation will be, for the first time, a joint evaluation conducted by a team of two EU and two Russian experts. The experts report will be delivered at the end of March 2013. It is expected that the experts will recommend a straightforward renewal, without any major changes.

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. Additional working groups exist in the area of nuclear fission and nuclear fusion. 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.

However, it must be stressed that not all working groups have delivered according to expectations. A number of them have not met for at least two years. In others, continued difficulties were experienced with the Russian side (change of personnel, absence of responses, etc.). As a result, the whole working group approach is under revision. The Russian side has indicated that it wishes to suspend working groups' operation until the renewal of the S&T Agreement. In addition, they have suggested replacing the current system by a single "Strategic Working Group", ensuring the overall coordination and regular follow up of cooperation activities in various fields, and reporting to the joint Committee.

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, with 463 Russian research organisations involved in 291 projects, receiving an EU contribution of over €63 million. These projects cover all areas of research; with the highest numbers in the Marie Curie Actions for researcher mobility, transport including aeronautics (73 Russian participations), Space (47), Health (39) Environment (37) New Materials (36) and ICT (35).

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, 12 joint or coordinated calls have been launched with Russia to date under FP7, more than with any other third country, involving a budgetary contribution of about €43 million on both sides.

In the future, cooperation should be reoriented towards a smaller number of strategic priorities, jointly identified by the EU and Russian sides as areas of mutual interest. These include: aeronautics, ICT, nanotechnologies, and research infrastructures (in particular cooperation with the six Russian "*Megascience Projects*"). Cooperation in energy research has been disappointing, but may emerge as a future priority pushed by the Russian side (energy efficiency).

The Joint EU-Russia S&T Committee met in June in Moscow to review the current cooperation and agree on a series of new cooperative actions. These were drawn up into a road map, setting current, planned and potential future bilateral research activities. It was also agreed to promote further the opportunities for EU-Russian collaboration under the remaining calls of FP 7 with a major, eight-city information campaign on the opportunities for Russia to participate in the last and largest call of FP7.

Radical changes in our cooperation with Russia are expected under the forthcoming Horizon 2020 Programme. Under that programme, Russia will no longer receive automatic funding from the EU for participation in the EU research and innovation projects (the same rule will apply to other similar economies, such as China, Brazil, India and Mexico). This will represent a major change, and a challenge, particularly in the first years of Horizon 2020, with a real risk of a steep decline in Russian participation. Russia is fully aware of the risk, and has indicated that it is considering setting up a dedicated fund for international S&T cooperation, with possibly a specific line for EU-Russian cooperation. However, the timing for the setting up of such a mechanism, and its exact nature (foundation, dedicated line in the Federal targeted Programme) is still unclear.

An important development in our cooperation has been the decision by EU and Russian Leaders at the EU-Russia Summit on 21 December 2012, to make 2014 the "EU-Russia Year of Science, Technology and Innovation 2014" ("*Year of Science*" in short).

The celebration of cooperation in STI with third countries through jointly organised Years of Science is specifically foreseen in the Commission Communication '*Enhancing and focusing EU international cooperation in research and innovation: a strategic approach*' as an efficient way of communicating the value of international cooperation in research and innovation to the broader public.

The choice of Russia for the next 'YoSTI' reflects the intensity of our past and present cooperation at both EU and Member States levels, Russia's high level of ambition in the field of innovation, and the success of recent bilateral Years with Russia organised by Member States, providing an opportunity to build on their experience. The timing (2014) benefits from the conjunction of key related events in 2014, including: the launch of Horizon 2020; the renewal of the EU-Russia S&T Agreement; the start of the Russian State Programme for S&T; and the hosting by Russia of the Carnegie Meeting. This initiative also fits in the context of Russia's growing global presence, with its accession to the WTO, its chairmanship of the G20 in 2013 and of the G8 in 2014, and Russia's possible accession to the OECD.

Preparations have started, in close cooperation with the *Russian Education and Science Ministry*, and with Member States. This year will include a variety of events, organised throughout Russia and the EU for the scientific community and the wider public (conferences, workshops, brokerage events, exchange of scientists, science journalism fora, exhibitions, communication activities). The year will be anchored at both ends by a launch event, planned for 25 November 2013 in Moscow, with the EU Commissioner and the Russian Education and Science Minister; and a closing event in Brussels at the end of 2014.

Three EU-Russia INCO projects are also supporting various aspects of our cooperation.

The FP7 *BILAT-RUS-ADVANCED* project aims to enhance bilateral EU-Russian Federation S&T cooperation. It will play a key role in the forthcoming Year of Science, by providing the secretariat, in addition to other deliverables (reports and case studies).

The FP7 *ERA.Net RUS* project aims to strengthen S&T cooperation between the Russian Federation and EU through the coordination 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 a number of calls for proposals leveraging additional resources from Member states.

The FP7 *ACCESSRU* project aims to help EU researchers and research organisations to access the scientific and innovation programmes established within the Russian Federation. A key 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 - however, such cooperation still faces some restricting obstacles, mainly related to financial regulations.

The two EU funded projects were reviewed in March 2012 for their work during the first 12 months (HOPSA review: 13-March 2012; APOS review: 23-March 2012) and showed successful progress. Russian participants of the corresponding Russian projects presented to the reviewers the work already done. The two projects organised a common event at the end of May 2012 in Moscow. The projects ended on 31 Jan 2013.

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. 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 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.

b. Education

Higher 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*, *Marie Curie* and *Jean Monnet* programmes, the EU-Russia co-funded *European Studies Institute* and *EU Centres* play a key role to achieve these objectives embedded in the roadmap.

The Russian Ministry of Education and Science has put modernisation and visibility of the higher education system as a priority of its action by:

- Reinforcing the openness and competitiveness of the Russian higher education

system;

- Limiting brain drain and providing incentives, for example through the setting up of the *Global Education Programme*;
- Breaking into international university rankings – the government has set the goal to ensure that no less than five Russian Universities enter the top 100 universities in the world, 15 are among the top 300 and 35 among the top 500 by 2020;
- Reducing disparities between Moscow and poorer regions, enhanced by the falling number of students in some areas, reflecting demographic decline;
- Reducing corruption and bribery.

In this context a number of initiatives taken in 2012 are worthwhile mentioning:

- In March 2012, the Russian Ministry of Education and Science and the European University Institute in Florence (EUI) signed an agreement to allow Russian students to follow doctoral programmes in Florence for the next seven years. Their studies will be financed by the Russian federal budget;
- The government is planning to raise the number of foreign students in Russian universities from 10,000 to 15,000. To this end, the procedure to obtain visas for studying will be simplified and opportunities to find jobs in Russia expanded;
- In an effort to attract more brainpower and increase the competitiveness of Russian science and education², the Russian Federation adopted a bill which should 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. Russia also issued in 2012 a decree containing the list of 211 such leading foreign universities from 24 countries, including 82 universities from 12 EU Member States (Austria, Belgium, Germany, Denmark, Finland, France, Ireland, Italy, The Netherlands, Spain, Sweden and UK).
- Participation of Russian academics in international events is encouraged and supported by the government;
- To attract top international specialists to Russian universities, a third call for expressions of interest was launched at the end of 2012. As a result of the first and second call, launched in 2010 and 2011, 79 leading specialists were selected³;
- The Russian government has also launched the “Global Education programme” 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 first phase is expected to commence in 2013 by allowing not less than 2,000 bachelors and masters students to apply for state scholarships to study abroad in order to obtain a full degree, either Masters’ or PhD degree. The programme is also expected to contribute to a qualitative change in the professional and managerial capacities of university staff.

The above mentioned measures are summarised in the federal programme “*Education*”

² According to Unesco figures 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%).

³ Figures available on the website of the Russian Ministry of Education and Science.

Development 2013-2020” adopted by the government at the end of 2012.

The *EU Tempus, Erasmus Mundus, Jean Monnet* 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”.

At the end of 2012 the Ministry asked the Commission to set up a sort of “Permanent Partnership Council” as a permanent forum to discuss relevant cooperation issues in the field of education.

i) Tempus

Russia is currently involved in 68 Tempus projects, representing 18 % of all accepted projects to date under Tempus IV (since 2008). Russian higher education institutions are involved in more than 48 % of the accepted project in the ENPI East region.

The total budget committed so far for Russia in Tempus IV amounts to 45 million Euro, representing 15 % of the total programme budget.

In 2012, fifteen Tempus projects involving Russian universities were selected, representing a budget of about € 8.9 million. Among the selected projects are eight multi-country projects and seven national ones. One of the newly selected projects is coordinated by a Russian institution, *Moscow State University of Geodesy and Cartography*, the rest involve Russian institutions as partners.

The selected projects cover various fields including environment, energy saving and renewable energies, tourism, infrastructure for fast trains, law and good governance, quality of food and public health, quality assurance for degree programmes and qualification frameworks. Project details can be found at:

http://eacea.ec.europa.eu/tempus/results_compendia/results_en.php

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 2012. In addition there is a wide array of other priorities such as quality assurance, development of international relations, development of partnerships with enterprises and training courses for public services. In addition, new disciplines for curricular reform were added in 2012, such as the arts, agriculture, forestry and fishery

and security services whereas social and behavioural sciences, business and administration and law were withdrawn.

A *Tempus* study on the management of human resources in public higher education institutions was published in Spring 2012. The results of the study will be followed by a series of regional seminars to discuss the results with stakeholders in the partner countries. The next regional seminar is planned to take place in Chişinău (Moldova) for Eastern Europe including Russia (April 2013).

Under *Tempus*, Russian Higher Education Reform Experts attended international conferences on "*Research-based Education*" (5-7 November, Budapest), thematic seminar on "*University-Business cooperation*" (14-15 May, Israel) and on two study visits organised in 2012, "*Diversification of funding, autonomy and strategic planning at Universities*" (23-24 April, Vienna) and "*University-business cooperation*" (2-3 October, Brussels). Russian academics were invited as keynote speakers or workshop facilitators during these events.

ii) University cooperation - with a focus on mobility - 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 2012, two *Erasmus Mundus* partnerships with Russia received grants for a total EU funding of € 6.3 million. As a result, twenty European and nineteen Russian universities started to participate in this programme with the aim to implement 283 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, 466 Russian students and 80 academics have benefited from such scholarships to attend *Erasmus Mundus* Masters courses. In 2012, 57 Russian students were awarded Masters scholarships. Nineteen Russian doctoral candidates have also been selected for scholarships under the first three years of selection, including twelve in 2012. Russian universities can also become full partners of joint *Erasmus Mundus* programmes. So far, six Russian universities take part as full partners in *Erasmus Mundus* Masters programmes, and one is involved as full partner in three joint doctorates. In addition, twelve Russian higher education institutions have so far participated in *Erasmus Mundus* promotion projects.

A call for proposals launched in December 2012 will select by July 2013 two new Action

2 partnerships for Russia, and a number of new Action 3 attractiveness projects that may involve Russian partners. No selection of Action 1 projects (joint degrees) will be made in 2013.

As of 2014, the Commission has proposed a new education, training and youth programme, *Erasmus for All*, for the next programming period (2014-20). The programme will regroup seven international academic cooperation programmes under one roof, with identical implementation modalities and calendars. It will offer three actions under the higher education strand: credit mobility (international opening of the current Erasmus programme), degree mobility (and joint master degrees) and cooperation (capacity building).

iii) Jean Monnet

In 2012, the Jean Monnet call for proposals resulted in the selection of two Jean Monnet Chairs. The first one was awarded to Dr Nikolay Kaveshnikov, *Institute of Europe – RAN*, for his '*Jean Monnet Chair in the Institute of Europe RAN-Studies of European Integration and EU-Russia Relations*' project. The second Chair was awarded to Prof. Larisa Deriglazova, *Tomsk State University*, for her '*Social Europe*' project. This brings the total number of Jean Monnet projects in Russia to 23.

Moreover, a specific promotional action was targeted at Russia in view of the 2013 call for proposals. In order to increase knowledge of the *Jean Monnet Programme* and of its funding opportunities, two information events were organised in Russia in June and October.

In 2012 all six EU Centres funded by the EU became fully operational, including the three established in 2012. The six EU Centres in the regions together with the European Studies Institute constitute the network of institutions through which European Integration Studies are promoted. In addition to this, European Integration Studies are promoted through the Jean Monnet Programme. The EU Centres are located in *Immanuel Kant Baltic Federal University* (IKBFU) in Kaliningrad, the *European University* (EUSP) in St. Petersburg, the *State University* (TSU) in Tomsk, the *South Federal University* (SFedU) in Rostov-on-Don, the *Federal University* in Kazan (KFU), Tatarstan, and *Petrozavodsk State University* (PetrSU) in Karelia.

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 2013. More than 500 students, most of whom are young officials, graduated by December 2012, while a further 130 students were selected in September 2012 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.

As regards non-formal education for young people, Russian youth organisations can participate in the *EU Youth in Action Programme* (2007-2013) by taking part in youth mobility projects and establishing partnerships with fellow organisations based in the EU.

Between 2007 and 2012, about 3 700 young people and youth workers from Russia have benefited from such opportunities through their participation in about 1 260 projects.

c. Culture

In 2012 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.

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 (CCI). The European Union actively participates in the work of the Steering Committee of the Partnership and has made available funds for projects to support its work.

Next steps

- Ensure the timely renewal of the EU-Russia S&T Cooperation Agreement;
- Encourage the setting up of a new funding mechanism by Russia to finance participation Russian organisations in *Horizon 2020*;
- Jointly organise a full programme of events for the *EU-Russia Year of Science 2014*;
- Increased participation in the *Erasmus Mundus*, *Tempus*, *Marie Curie* and *Jean Monnet* programmes and active preparation in view of the new generation of cooperation programmes: *Erasmus for All*, and *Marie Skłodowska-Curie*;
- 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* and *Erasmus Mundus*);
- Further promotion of EU multidisciplinary studies for instance through the set up of a network of EU centres, which are funded by the EU;
- Enhance participation in the EU/ Russia mobility working group (second meeting was foreseen in February/March 2013).
- 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*.