

Rome, 6 November 2003

13990/03 (Presse 313)

12th EU-RUSSIA SUMMIT

Rome, 6 November 2003

CONTENTS

JOINT STATEMENT OF THE 12 th EU-RUSSIA SUMMIT.....	2
ANNEX I – The Common European Economic Space (CEES) – Concept Paper.....	5
ANNEX II – The Common European Economic Space	
- Final report of the High Level Group.....	10
ANNEX III – EU-Russia energy dialogue	
- 4 th Progress Report	13
ANNEX IV – Joint Declaration between the EU and the Russian Federation on strengthening dialogue and cooperation on political and security matters.....	19

Internet: <http://ue.eu.int/>
E-mail: press.office@consilium.eu.int

12TH EU-RUSSIA SUMMIT

JOINT STATEMENT

By S. Berlusconi, President of the European Council,
assisted by J. Solana, Secretary-General of the Council/High Representative for EU Common
Foreign and Security Policy,
R. Prodi, President of the Commission of the European Communities and
V.V. Putin, President of Russian Federation

1. We, the leaders of the European Union and the Russian Federation, held intensive and productive discussions in Rome on 6 November 2003. We agreed to reinforce the strategic partnership between the EU and Russia, on the basis of common values, with the aim of consolidating stability, security and prosperity on the European continent. We reaffirmed our shared vision of a united European continent.

Integrating Europe - creating common spaces

2. We reconfirmed our commitment to promote further rapprochement and gradual integration of social and economic structures of the enlarged European Union and Russia. In this regard, we agreed to intensify and focus our efforts to fulfil the decision to create common spaces between the EU and Russia, building on the PCA and the Joint Statement of the St. Petersburg Summit. In so doing, we expressed strong determination to produce concrete results.
3. We agreed to step up our efforts aimed at streamlining our political dialogue and launching the work of the EU-Russia Permanent Partnership Council, which will make our co-operation more efficient and transparent.
4. We will continue our extensive discussions on the impact of EU enlargement and endeavour to make progress on outstanding issues aiming at their speedy resolution. We look forward to the timely extension of the PCA to the new EU Member States.

The common European economic space – building blocks for sustained economic growth

5. We endorsed the work of the CEES High Level Group and welcomed the annexed concept of the common European economic space (Annex I). We agreed to continue this work, taking full account of the recommendations of the HLG report (Annex II), with a view to achieving tangible results as early as possible. We noted the importance of business-to-business dialogue and encouraged intensified dialogue in relevant fora with a view to presenting proposals on how to promote trade and investment.

6. We undertook to ensure that EU enlargement brings the EU and Russia closer together in a Europe without dividing lines. We reaffirmed our commitment to implement as soon as possible and in full the package on Kaliningrad agreed in November 2002, including the launch of a high-speed train feasibility study before the end of 2003 and its timely completion. We welcomed the entry into force of the Russian-Lithuanian Border Agreements. We noted with satisfaction the success of our co-operation to facilitate the transit of Russian citizens. We welcomed positive developments in the field of customs co-operation. We confirmed our readiness to intensify our result-oriented work within the PCA framework on the appropriate modalities for the transit of goods.
7. We welcomed the progress achieved so far on the negotiations on Russia's accession to the WTO and remain persuaded that it is both possible and desirable to work towards Russia's accession taking place towards the end of 2004. We called on our negotiators to intensify their work and resolve the outstanding issues for conclusion of bilateral market access negotiations on Russia's WTO accession with this timeframe in mind, whilst ensuring mutually acceptable and commercially viable terms. We agreed to aim towards the early resolution of outstanding bilateral trade issues.
8. We took note of the annexed fourth Progress Report on the Energy Dialogue (Annex III). We welcomed progress in the field of energy and agreed to enhance our co-operation in this area.
9. We noted the key role of integrated transport networks and of systems of satellite navigation in underpinning economic co-operation.
10. We recognised our responsibility to tackle together and in the framework of relevant international organisations, instruments and fora, common environmental challenges and shared concerns regarding climate change and transport safety.

Towards the common space of freedom, security and justice

11. We agreed to take forward work to create a common space of freedom, security and justice.
12. We reaffirmed the importance of people-to-people contacts in promoting mutual understanding between our citizens. We welcomed the recent meeting of our experts, which took place in the context of our agreement to examine conditions for visa-free travel as a long-term perspective and to look at existing flexibilities within the Schengen agreement, in order to facilitate travel in the short term and on a reciprocal basis. We agreed to pursue this dialogue. We took note of the progress of our negotiations on an EU-Russia readmission agreement and agreed to continue to work towards its timely conclusion.
13. We underlined our shared interest in intensifying co-operation in the field of justice and home affairs. We instructed our experts to vigorously implement the Action Plan on Organised Crime. We welcomed the signature of the agreement between the Russian Federation and Europol.

The common space of external security - partners in security, crisis management and international relations

14. We confirmed a high degree of mutual understanding in regard to a number of acute international issues and the central role of the UN in world affairs.
15. We condemned all acts of terror and stressed the importance of international co-operation to combat terrorism in all its forms. We are committed to intensified co-operation on new security threats and challenges. Contacts are also foreseen to explore possible co-operation in the field of civil protection and long-haul air transport for crisis management.
16. We agreed to strengthen our dialogue and co-operation on political and security matters, thus contributing to the consolidation of peace and stability. We confirmed the importance of working together to address crisis situations and in support of on-going efforts in agreed formats aimed at the resolution of frozen conflicts in Europe and beyond.
17. To underline our willingness to co-operate in these areas, we adopted a joint declaration between the European Union and the Russian Federation on strengthening dialogue and co-operation on political and security matters (Annex IV).

The common space of research and education, including cultural aspects – our common intellectual heritage and capital

18. We welcomed the renewal of the Agreement on Science and Technology Co-operation. We agreed to examine means to open up our science and technology programmes to EU and Russian researchers to the fullest extent possible on a reciprocal basis.
19. We welcomed Russia's accession to the Bologna process and agreed to promote intergovernmental collaboration in the education sector. We looked forward to Russian participation in the EU Erasmus Mundus programme from 2004.

* * *

20. We agreed to continue our discussions on various matters of interest for the EU and Russia.

The Common European Economic Space (CEES)
Concept Paper

I. Preamble

1. At the EU-Russia Summit in October 2001, the parties agreed to establish a joint High-Level Group (HLG) to elaborate the concept of a common European economic space (CEES). In March 2002, the Cooperation Council of the Partnership and Cooperation Agreement provided the HLG with a mandate to elaborate a concept for a closer economic relationship between Russia and the EU by October 2003. The co-chairs designated were Russian Deputy Prime Minister Khristenko and Commissioner Patten.

2. Since May 2001, the High-Level Group has met five times to develop the concept. In line with its mandate, the HLG considered the opportunities offered by greater economic integration and legislative approximation and assessed options for further work. It also identified means and mechanisms to achieve common objectives.

3. At its second meeting in March 2002, the HLG adopted a work plan for 2002/2003, including the task of assessing the potential impact of a CEES. A number of studies have been commissioned by the Parties to assess the CEES' impact, both on the economy as a whole and across a range of its sectors, with particular emphasis placed on the relevance of regulatory approximation and removal of tariff and non-tariff barriers to trade and investment. In its report to the Summit in November 2002, the HLG has noted with satisfaction that preliminary results of these studies are positive.

4. At the summit in St. Petersburg in May 2003, the EU and Russia reiterated their intention to reinforce co-operation on a number of issues, including the placing of the CEES project into the broader context of four Common Spaces (economic space; space of freedom, security and justice; space of common external security; space of science, research, education and culture) to be created in the long-term.

5. In developing the CEES concept, the HLG took into account the existing level of cooperation in the framework of the Partnership and Cooperation Agreement (PCA) and ongoing negotiations on Russia's WTO accession. Without prejudice to the outcome of these negotiations, the HLG took into consideration that the CEES concept and Russia's forthcoming WTO accession have to be compatible. The HLG also took into consideration the ongoing economic reform process in Russia as well as developments in the EU Internal Market.

6. The present CEES concept sets out the overall objectives of the CEES, which are to be reached progressively. It identifies core elements and fundamental ingredients for the CEES and the ways and means to achieve them. While this concept defines a number of principles and guidelines for activities that can be implemented in a short-term perspective, more specific objectives have to be discussed and set at a later stage.

II. Rationale

7. Russia and the EU are geographically close, have complementary economic structures and assets, and have strong mutual interest in further economic integration. Against this background, there is great potential for growth of mutual trade and investment beyond its current pace and level, towards promoting balanced and sustainable economic development and stability in the EU and Russia as well as building competitive and dynamic economies.

8. The existing potential is not fully used. Thus, there is a clear need to bring Russia and the EU closer together and making the economic relationship more dynamic through a stable and predictable trade regime, based on common, harmonised or compatible rules. This would reflect our geographic proximity, and the existing level of our cooperation in many fields. Economic impact assessment studies, conducted separately by the Parties, clearly demonstrated the positive benefits of CEES, and, at the same time, highlighted shortcomings in certain areas, which should be addressed in the future work on the CEES.

9. The forthcoming enlargement of the EU will expand the common borders and common interests of Russia and the EU and thus gives a new impetus for closer co-operation. The EU is Russia's most important trading partner and even more important after EU enlargement. Greater integration will bring greater interdependence between the economies and societies of the EU and Russia. The CEES reflects this new situation and will serve as important tool to facilitate further efforts to bring the EU and Russia closer together.

10. Economic integration between the two partners is not an end in itself: giving it a further boost will enhance general prosperity on both sides, improve the standards of living, increase the protection of human health and well-being as well as of the environment, and ultimately serve the purpose of political stability in the region and world-wide.

11. The creation of the CEES responds to these challenges. It will contribute to achieve the described goals by committing both sides, on a medium term and well structured basis, to work closely together towards making the identified potential become reality. A high degree of regulatory and legislative convergence, as well as trade and investment facilitation, creates substantial benefits for both the EU and Russia, not least in permitting economic agents to operate subject to common rules and conditions and boosting business and investor confidence in the predictability and transparency of rules.

III. Definition, objectives and guiding principles

Definition

12. The CEES means an open and integrated market between the EU and Russia, based on the implementation of common or compatible rules and regulations, including compatible administrative practices, as a basis for synergies and economies of scale associated with a higher degree of competition in bigger markets. It shall ultimately cover substantially all sectors of economy.

Objectives

13. For this vision to become reality, the CEES aims at:

- Promoting trade and investment between the EU and Russia, based on well-functioning market economies, aiming at sustainable development, taking into account internationally recognised principles, such as, *inter alia*, non-discrimination and transparency and good governance;
- Creating opportunities for business operators through common, harmonised or compatible rules and regulations, as well as through inter-connected infrastructure networks;
- Enhancing the competitiveness of the EU and Russian economies worldwide.

Guiding Principles

14. The CEES will be based on existing and future commitments of the Parties in the PCA and WTO. Its scope shall be broader and deeper in comparison to the WTO and PCA provisions. Both Parties shall ensure that the CEES is compatible with existing or future commitments undertaken by the Parties in the context of WTO.

15. The CEES concept covers both horizontal and sectoral targets. A number of areas for action have already been considered for action (standardisation, technical regulation and conformity assessment, customs, audit and accounting, public procurement, competition, financial services, telecommunications, cooperation in space launching, several branches of industry and agriculture), and other sectors/issues shall be added as appropriate.

16. The CEES shall be created progressively and in stages with appropriate interim reviews. While specific activities shall be undertaken in selected priority sectors with a view to demonstrating tangible results as early as possible, it shall be kept in mind that the CEES aims at covering substantially all sectors of economy. The Parties shall ensure the consistency of activities undertaken with the overall aims of the CEES as set out above, notably the development of a comprehensive framework for economic co-operation. Experience gained in on-going activities should be used, and synergies between new initiatives and existing areas of co-operation be exploited wherever possible.

17. Established co-operation in specific sectors (i.e. Energy Dialogue) shall continue to be worked on under the respective separate procedures with a view to integrating their results into the CEES in due course. Both sides shall ensure that the development of the CEES concept and sector specific co-operation will be coherent and compatible.

IV. Components and implementation instruments

18. The CEES shall focus on eliminating obstacles and creating opportunities in four main areas of economic activity, i.e.

- Cross-border trade of goods, covering substantially all industrial and agricultural goods, including the necessary rules – whether set by standards, technical specifications or other regulatory and legal requirements, – organisational structures and procedures; while ensuring that these do not create unnecessary obstacles to trade and promoting equivalent levels of the protection of safety, health and the environment.

- Cross-border trade in services, including relevant regulatory standards and requirements;
- Establishment and operation of companies, including, *inter alia*, issues related to movement of capital, environmental standards and good corporate governance;
- Related aspects of movement of persons, in the relevant fields of economic activity.

19. The main instruments to be applied in these areas are market opening, regulatory convergence, and trade facilitation. These instruments shall be used in accordance with the following:

- Market opening: Appropriate measures shall ensure, when possible, the gradual removal of obstacles to trade and investment between the EU and Russia. The definition of specific objectives and measures in this area will be based on Russia's and the EU's commitments in WTO, as well as on WTO general principles.
- Regulatory convergence: Co-operation in this field, particularly with regards to legislative approximation, is an essential element in order to promote trade and investment between the EU and Russia. Regulatory convergence is an important condition for strengthening the bilateral economic links. This is particularly true for the case of standards, technical regulations and conformity assessments, but should also cover other fields.
- Trade facilitation: Measures in the field of trade facilitation will be another important element in the creation of CEES. These measures may refer to the simplification, standardisation and automation of trade procedures, in particular the import, export and transit requirements and procedures applied by customs and other agencies.

20. Cooperation and specific dialogues: Both sides shall pursue and strengthen their co-operation in upgrading and enhancement of infrastructure networks (transport, energy, telecommunications, cooperation in research and development). Increased cooperation in this field will have the double effect of, on the one hand, integrating important parts of the EU and Russian economies which will be beneficial to these sectors, and, on the other hand, contributing to the improvement and enhancement of the framework conditions for other business activities in other sectors:

- Discussions on enhancing the existing links in energy, transport and telecommunication networks are underway, and the necessary framework for the transport sector exists (i.e. pan-European transport corridors etc.). Regarding the energy sector, key projects for gas and oil pipelines as well as interconnection of the electricity networks have been identified as 'common interest' projects under the EU-Russia Energy Dialogue and work is continuing in that framework. Under the CEES, the EU and Russia should focus on the transport sector and give a new boost to progress in this area.

- Both sides have strong assets in the field of research and development and they have, as a matter of domestic economic policy, made research, innovation, and technology keystones for their competitiveness and long-term development. A number of instruments are already used for cooperation in this domain, aiming at promoting linkage, innovation and technology transfer between Russian and European partners in pursuit of mutually beneficial scientific excellence. Work under the CEES should serve to further expand cooperation by way of pooling resources and reciprocal access to R&D programmes, settling any intellectual property issues in this field, and promotion of the use of the results of such research. The development of activities under the CEES also needs to bear in mind that the EU-Russia Summit of St. Petersburg of May 2003 decided to create a common ‘space’ of research and education.

21. In all of these areas, the Parties shall promote closer and more structured permanent relations between their respective institutions, whether public or private. The resulting better information exchange and closer cooperation are prerequisites for achieving the stated goals and at the same time serve to avoid as much as possible any undesirable side-effects on either party of measures contemplated for broader reasons. Development of compatible institutional structures as well as creation of specific joint institutions may be anticipated in the framework of some commitments and agreements. The activity of such institutions should be aimed at the implementation of the achieved arrangements and decisions.

V. Institutional and Legal Aspects

22. For making the concept operational, the objectives set out above will need to be transformed into specific goals and actions by way of action plans.

23. The elaboration of the Action Plans and respective negotiations will be provided under guidance and coordination of the High Level Group. The HLG will report progress to the EU-Russia Summit on a regular basis. This shall in particular establish the review of progress at the end of the first stage of implementation of the CEES. The relevant mandate will be requested. The Parties shall take expert input of the PCA bodies and use the PCA provisions in the CEES building process as widely as possible. In cases where action plans will mainly give specific operational content to already existing provisions of the PCA, they can take the form of political statements of intent or memorandums of understanding.

24. Where, however, the envisaged content of an action plan calls for a negotiation to be done, both sides will use their internal rules and principles for preparing and conducting such negotiations and the negotiating mechanisms between both sides will be the usual ones. In such cases, the relevant action plan would need to be made a bilateral agreement, to be formalised by way of Protocol attached to the PCA or to take the form of a self-standing agreement as the case may require.

25. A dispute settlement mechanism based on WTO rules needs to be available to address disagreements which may occur in the context of implementing bilateral agreements concluded in the CEES context. The existing dispute settlement mechanism under the PCA shall be considered for use as long as it corresponds to the provisions of the new agreements.

**FINAL REPORT OF THE HIGH LEVEL GROUP
ON THE COMMON EUROPEAN ECONOMIC SPACE
TO THE EU-RUSSIA SUMMIT ON 6 NOVEMBER 2003**

The EU-Russia Summit in May 2001 decided to establish a joint High Level Group (HLG) on the common European economic space (CEES). In October 2001, the EU-Russia Summit asked the EU-Russia Cooperation Council to provide the HLG with a mandate to elaborate a concept for a closer economic partnership between Russia and the EU. This mandate and its implementation were to be reviewed by the Summit no later than October 2003. Russia was represented by Deputy Prime Minister Khristenko; the EU was originally represented by Commissioner Patten, later by Commissioner Verheugen.

In line with the mandate, the HLG's task was to elaborate a concept for a closer economic relationship between Russia and the EU, based on the wider goal of bringing them closer together. The HLG considered opportunities offered by greater economic integration and legislative approximation and assessed options for further work. It also identified means and mechanisms to achieve the common objectives and considered a timescale for implementation.

The concept for the CEES was finalised and agreed by the HLG at its meeting on 28 October 2003 and will be presented to the EU-Russia Summit on 6 November 2003 in Rome.

THE HLG WORK PROGRAMME

At its second meeting in March 2002, the HLG adopted a detailed work plan for the concept of the CEES, establishing a targeted approach. A list of key issues for work was agreed to consider possible objectives and practical steps in those areas. The list included sectors where cooperation is expected to boost trade and investment and where the trade interest of the EU and Russia is strong. It also reflected the achievements and experience of integration in the EU.

With the objective to identify and prioritise sectors of greatest mutual interest, the HLG particularly considered the following issues and sectors: standardisation, technical regulations and conformity assessment procedures; customs regulation; public procurement; competition policy; financial services; auditing and accounting services; telecommunications; space launching services; transport; metallurgy, car industry, civil aviation industry and agriculture.

The HLG assessed the potential impact of a CEES, both on the economy as a whole and across a range of its sectors, considered ultimate objectives, identified means and mechanisms to achieve common objectives and considered the time-scale for implementation.

A first report of the HLG was presented to the EU-Russia Summit on 29 May 2002 and endorsed by the Summit.

Work since the May 2002 Summit focussed on the priorities set out in the work plan, namely impact assessment and consideration of ultimate goals. A number of studies have been commissioned by the Parties from external research institutes in order to assess the impact of economic integration. Consideration has been given to the impact of market opening, regulatory convergence and trade facilitation on a number of sectors as well as on the EU and Russian economies more generally. The HLG noted that the results of the studies were in general positive. It also noted that particular emphasis was placed by the studies on the relevance of legislative approximation and removal of tariff and non-tariff barriers to trade and investment.

In elaborating the CEES concept, the HLG particularly reflected on the size and complementarity of the EU and Russian economies, as well as on their geographic proximity and the overall EU-Russia strategic partnership. This process took into account the relevant aspects of the Partnership and Cooperation Agreement, the impact of EU enlargement on EU-Russia relations and the economic interests of both Parties, as well as the priority placed on Russia's accession to WTO.

In its final phase of deliberations, the HLG discussed means and mechanisms to implement the common objectives of the CEES. In particular, it identified the main instruments to achieve these objectives: market opening, regulatory convergence and trade facilitation. In addition, the HLG considered the enhancement and strengthening of the cooperation between the Parties in the field of infrastructure networks, as well as the promotion of closer and more structured permanent relations between their respective institutions.

At its fifth meeting in October 2003, the HLG finalised and agreed a joint concept for the creation of a CEES. The agreed concept sets out the main rationale for the CEES – namely the currently unused potential for growth of mutual trade and investment beyond its current pace and level – and defines the ultimate goals. It further defines the main areas in which the CEES should be implemented. The concept also reflects on institutional and legal aspects.

In its work, the HLG gave particular consideration to the ongoing deepening of the relationship between the EU and Russia, highlighted at the St. Petersburg Summit of 31 May 2003, and the intention to reinforce the relationship through the creation of a number of Common Spaces, including a common economic space.

The HLG ensured that its activities did not replace or duplicate the activities of the cooperation bodies created within the PCA. Throughout its work, the HLG ensured that the relevant PCA institutions were kept informed and took expert input of these bodies into consideration.

The HLG took fully into consideration the obligations resulting from the current or future participation of the Parties in the World Trade Organisation.

CONCLUSION

The HLG recommends that the leaders of the EU and Russia endorse the concept for a CEES at their Summit in Rome. The HLG believes that it is important that both sides reconfirm their commitment to actively pursue economic integration via the creation of open and transparent markets, regulatory convergence and the facilitation of trade.

In line with its original mandate, the HLG considers its task fulfilled and recommends the Summit to discharge the original mandate.

Concerning the next steps for the future creation of a CEES, the HLG recommends that the EU and Russia agree to pursue the work on the basis of the CEES concept with a view to achieving tangible results as early as possible. The HLG believes that it will become necessary to prepare practical steps for making the CEES concept operational.

The HLG recommends to the Summit to decide on a new mandate for the HLG:

- for preparing the necessary practical steps for the creation of the CEES by way of elaboration of an action plan and its interim presentation to the EU – Russia summit not later than one year after the receipt of the mandate and
- for the future implementation of this action plan.

G. Verheugen

V. Khristenko

EU-Russia Energy Dialogue

Fourth Progress Report



Presented by

Russian Vice-Prime Minister Victor Khristenko

and

European Commission Director-General François Lamoureux

Moscow/ Brussels November 2003

This report takes stock of the progress achieved to date in the framework of the EU-Russia Energy Dialogue. This process contributes to the practical development of the Common European Economic Space.

It has been agreed that, in the framework of the Energy Dialogue, the Russian Federation and the European Union shall regularly undertake joint analyses of energy strategies. In the light of the recently approved Russian Energy Strategy to 2020 and the publication of the latest European Energy and Transport Trends to 2030, a Round Table was held in Moscow on 17th October 2003 on Energy Strategies. This brought together representatives of the EU and the Russian Federation, including the European Commission and Russian Federation ministries and agencies, as well as the energy industries of the EU and Russia.

The exchange of views underlined the growing mutual interdependency and interest of pursuing legislative and regulatory approximation, as well as the convergence of technical norms and standards in the energy sector. As a net energy importer, the EU strategy places an important emphasis not only on ensuring secure and stable supplies and promoting more sustainable sources of energy, but also on energy efficiency and energy demand management. Russia's energy strategy, as a major energy producer and exporter, focuses more substantially on developing and enhancing energy supplies. It is therefore important to develop together a shared analysis and a better understanding of each other's strategic energy priorities in order to ensure our growing energy integration.

In addition, the evolving legislative frameworks of our respective energy markets call for a further sharing of experience.

For oil, we recognise the necessity of increasing co-operation through the exchange of information on production, consumption, prices and forecasts. It is noted that the European Commission intends to establish, in its services, an observatory for monitoring the oil market, to which Russia could be associated.

While recognising that denominating Russia's oil and gas exports in Euros is a matter for the individual suppliers and their clients, it would be a clear signal of the deepening relations of Russia and the European Union in the energy sector.

At the next meeting of the EU-Russian Industrialists Round Table, it is intended that an industry "steering group" of high-level representatives of EU and Russian energy companies will be created. This will foster the deeper involvement of the energy industry. The Energy Dialogue is contributing to improving the investment climate and, in this context, mutual investments into the energy sector will be welcomed.

Building upon the successful co-operation to date, we can also highlight priority areas on which a special emphasis will be given in the near future.

1. INTEGRATION OF ENERGY MARKETS

Both parties support the objective of gradually integrating the Community and Russian energy markets, including electricity. Such an integration would bring important benefits, in terms of security of supply, business opportunities and competition for both EU and Russian industry.

As regards electricity markets, the significant opportunities for both the Russian Federation and the EU offered by increased market integration was highlighted at a Round Table on Electricity that was hosted by RAO UES in Moscow on 16th October 2003. At this event it was underlined that, in order to bring this matter forward, it is now necessary to make rapid progress with regard to the establishment of a common view on the extent to which current and planned EU and Russian market and environmental rules are equivalent. With respect to the necessary interconnection of the two systems, the Union for the Co-ordination of the Transmission of Electricity (UCTE) and the Integrated Power System/Unified Power System (IPS/UPS) were encouraged in their common efforts to continue all necessary investigations to define under which conditions an interconnection of the two systems could be feasible and operated under stable conditions. The working group should now make rapid progress and submit a report of all relevant issues by mid-2004. Following this, a common strategy on a progressive integration of the European and Russian networks and electricity markets should be developed, including options for a conclusion of a respective Agreement.

Further integration in the gas sector based on agreed regulatory principles as well as long term contracts will permit an increase in the security of supply and create mechanisms for financing important infrastructure projects of common interest. We note further progress towards reaching mutually-acceptable solutions for territorial restriction clauses in some long-term gas supply contracts which take into account the legal interests of Russia and EU, including Community legislation.

The Parties note that long term “take or pay” export contracts have played and will continue to play an important role in ensuring the stable and reliable supplies of Russian natural gas to the EU market. The Russian Party considers that the forthcoming EU enlargement should not affect the existing long-term contracts and should not make conditions for these supplies worse. Consultations on these issues will continue.

Furthermore it is important that Russia participates, on a regular basis, in the meetings of the Florence Forum of electricity regulators and the Madrid European Gas Regulatory Forum. These fora, which consist of the national regulatory authorities, the EU Member States, the European Commission, Transmission System Operators, suppliers and traders, consumers, network users, and gas exchanges, have been established to discuss issues regarding the creation of a true EU internal electricity and gas markets which are not addressed in the market opening Directives.

2. ENERGY INFRASTRUCTURE PROJECTS OF COMMON INTEREST

We note that the North European Gas Pipeline project is now recognised both as one of the EU priority projects in the framework of the Trans-European Networks and also, at the October 2001 Summit, as an energy infrastructure project of common interest in the framework of the Energy Dialogue. We welcome the EU decision to co-finance a feasibility study of the North Trans-European Gas Pipeline, which will examine in particular its environmental impact.

Further work should be carried out to examine the opportunity of expanding the list of agreed projects of “common interest” to include the enhancement of the existing pipeline infrastructures to carry oil.

3. TRADE IN NUCLEAR MATERIALS

The importance of reaching a mutually acceptable solution to the issue of trade in nuclear materials, in accordance with Article 22 of the PCA and in the context of EU enlargement, has been recognised at recent Summits. The negotiations on this issue should start not later than 1st January 2004 and be completed as soon as possible.

4. CO-OPERATION IN THE FIELD OF NUCLEAR ENERGY.

Nuclear energy policy is an integral part of the EU and Russian energy strategies. Taking into account the importance of ensuring secure nuclear energy, we agree that this sector is an important field for co-operation between the Russian Federation and the European Commission. The agreement on Co-operation in the field of nuclear safety signed between the Russian Federation and EURATOM in October 2001 could serve as one of the basic elements for such collaboration.

Recognising the contribution that has already been made by our existing co-operation in various areas, the Parties have suggested that enhance co-operation between the Russian Federation and the European Union in the field of nuclear energy as a whole, including the issues of its development, improvement of security, enhancement of fuel cycle and treatment of radio-active waste, as well as the issues of non-proliferation, accounting and control of nuclear materials.

It is proposed that our nuclear safeguards specialists should meet in the near future and draw up a proposal for a joint programme of co-operation before the end of this year.

5. ARBITRAL AWARD GUARANTEE FUND.

As noted at the October 2001 EU-Russian Federation Summit, the potential and merits of an investment support scheme to mitigate non-commercial risks warranted further examination and technical study. The realisation of such a scheme could have a real impact on investment flows into the Russian energy sector and for this reason a study is now underway by the European Investment Fund, in collaboration with the European Bank for Reconstruction and Development. The results of this study will be available in six months and the possible implementation of the scheme then discussed in the framework of the EU-Russia Partnership and Co-operation Agreement.

6. SAFETY OF THE ENERGY TRANSPORT NETWORKS.

Recognising the importance of ensuring high levels of safety for the transportation of hydrocarbons, the Parties will examine the possibility of using a regional satellite monitoring system that could be deployed on the basis of the Russian GLONASS and the future European GALILEO navigational systems.

Both Parties recognise the importance of launching consultations, at a political level, on associating Russia on the above-mentioned issues.

7. MARITIME SAFETY

It is necessary to ensure the maximum possible environmental safety levels for the transportation of crude oil and oil products. Therefore it is also important to not only address the pipeline network, but also the infrastructure and handling facilities at oil terminals and the resilience of the maritime tankers operating quite often in difficult climatic conditions. The European Party appreciates the constructive comments and active support received from the Russian Federation in response to the EU proposal to accelerate the phasing out of single hull tankers and to ban the transport of heavy oils in single hull tankers in the framework of the International Maritime Organisation. Both Parties have agreed to work closely together in order to agree, in the short run, on measures on maritime safety.

8. ENERGY TECHNOLOGY CENTRE

The main objective of the Centre is to strengthen co-operation between Russia and the EU in the sphere of advanced energy technologies in the sectors of oil, gas, coal, electricity, new and renewable energies, and energy savings. With the purpose of fulfilling this task, the Centre will:

- Promote the necessary conditions for exchange of information about advanced energy technologies and organise and co-ordinate activities which will facilitate contacts between EU and Russian energy sector actors;
- Identify, evaluate, facilitate and assist in promoting concrete, large-scale, technology co-operation projects in the above-mentioned energy sectors;
- To liaise and co-ordinate joint activities with other Russian and EU Energy Centres operating in Russia and the EU, and to promote the creation of a common information space for disseminating energy technologies.

The Parties note that the activities of this Centre will contribute to attracting mutually-beneficial investments into the spheres covered by the Centre.

We welcome the nomination of the co-directors representing the Russian Federation and the European Commission, and note that they are preparing a work programme for our consideration. We also note with satisfaction that the Centre has begun its activities. Round tables on more efficient, coal combustion technologies, with the participation of scientific, business and financial circles, have been held in Novosibirsk, Ekaterinburg and Moscow and a workshop has been held on the use of coal-bed methane in Russia. We also take note of the conference planned for 5-6 February 2004 in Moscow on “Project Opportunities in the Russian Power Generation Sector”.

The Centre has also begun collecting proposals regarding the technology projects of potential mutual benefit.

9. ENERGY EFFICIENCY

For the pilot projects for rational energy use and energy savings for Astrakhan, Archangelsk and Kaliningrad, it is noted that work is now underway to produce the specifications for technical assistance projects that will be financed under the TACIS programme for 2003.

Both Parties suggest that work be undertaken to develop efficient frameworks for reducing energy consumption. Following the strategy set out in the European Commission's Green Paper on the Security of Energy Supplies, the practical experience of the European Union in preparing legislative proposals to address energy efficiency in the construction and renovation of buildings, as well as in the transport sector and co-generation could be usefully shared with the Russian Federation.

Over the coming months, energy issues related to the transport sector will be examined jointly, in particular the use of alternative energy sources. The use of compressed natural gas in the transportation sector could also be an area of co-operation.

CONCLUSIONS

Important progress has been achieved in areas such as the common understanding of energy strategies, the goal of interconnecting the electricity networks, reaching mutually acceptable solutions relating to territorial restriction clauses in certain long-term contracts for natural gas and paving the way for the forthcoming negotiations on the trade in nuclear materials.

The time has come to reflect upon the establishment of an institutionalised relationship between Russia and the EU in the field of energy, which would pave the way for the creation of a real Energy Community.

(signed)

François Lamoureux

(signed)

Victor Khristenko

EU RUSSIA SUMMIT
(Rome, 6 November 2003)

**Joint Declaration
between the European Union and the Russian Federation on strengthening dialogue and co-operation on political and security matters.**

The St. Petersburg Summit has reaffirmed the strategic partnership between the European Union and the Russian Federation, based on shared values and objectives. We agreed to reinforce our co-operation in political and security matters with a view to creating a space of co-operation in the field of external security.

We recognise with satisfaction the progress made in our bilateral political dialogue and co-operation on political and security matters. The European Union and the Russian Federation have maintained close consultations and co-operation on issues related to international security and stability in Europe and beyond. They have also implemented concrete co-operation in the context of the European Union Police Mission in Bosnia-Herzegovina. Also, the Russian Federation has been invited by the EU to be involved in the active phase of the joint EU- NATO crisis management exercise CME/CMX 03. We welcome first steps taken to establish our co-operation in the field of civil protection.

The fight against terrorism and our commitment to prevent the proliferation of weapons of mass destruction are cornerstones of our co-operation in the field of security. Our common aim is a universal adherence to the relevant international instruments, as well as the establishment of credible and effective monitoring of compliance and of means to ensure the development and implementation of those international instruments. We remain actively committed to the co-operative efforts on non-proliferation, disarmament and arms control.

The European Union and the Russian Federation actively support the signature, ratification and implementation of all 12 UN Conventions and Protocols on the fight against terrorism.

We are strengthening and further developing our dialogue on security matters. In that regard:

- The EU and Russia will strengthen dialogue on non-proliferation, disarmament and arms control for further convergence of positions and possible co-ordination of activities within existing international mechanisms;
- Within the framework of on-going security dialogue, EU and Russian experts will exchange views on developments concerning CFSP/ESDP and the European Security Strategy;
- They will exchange views on Russia's foreign policy and security concept and their development;
- The EU and Russia recall their wish to work towards a joint approach in the field of crisis management. EU and Russian experts will in this context exchange views on matters related to the EU's and Russia's response to crisis situations;
- With this in view the European Union and the Russian Federation have opened talks aimed at defining a standing framework on legal and financial aspects in order to facilitate co-operation in crisis management operations;
- The EU and Russia confirm their wish to establish co-operation in the field of long-haul air transport;
- Exchanges of research fellows could take place between the EU Institute for Security Studies and the network of Russian Academic bodies for the purpose of joint studies.

The European Union and the Russian Federation reaffirm their special attention to developing international co-operation in the field of civil protection and value the possible strengthening of co-ordination for the most effective use of available resources. In view of enhancing responses to emergencies they have decided, in particular, to establish appropriate links between the respective competent bodies in Brussels and Moscow and to continue discussion on possible practical steps of co-operation in the field of civil protection.