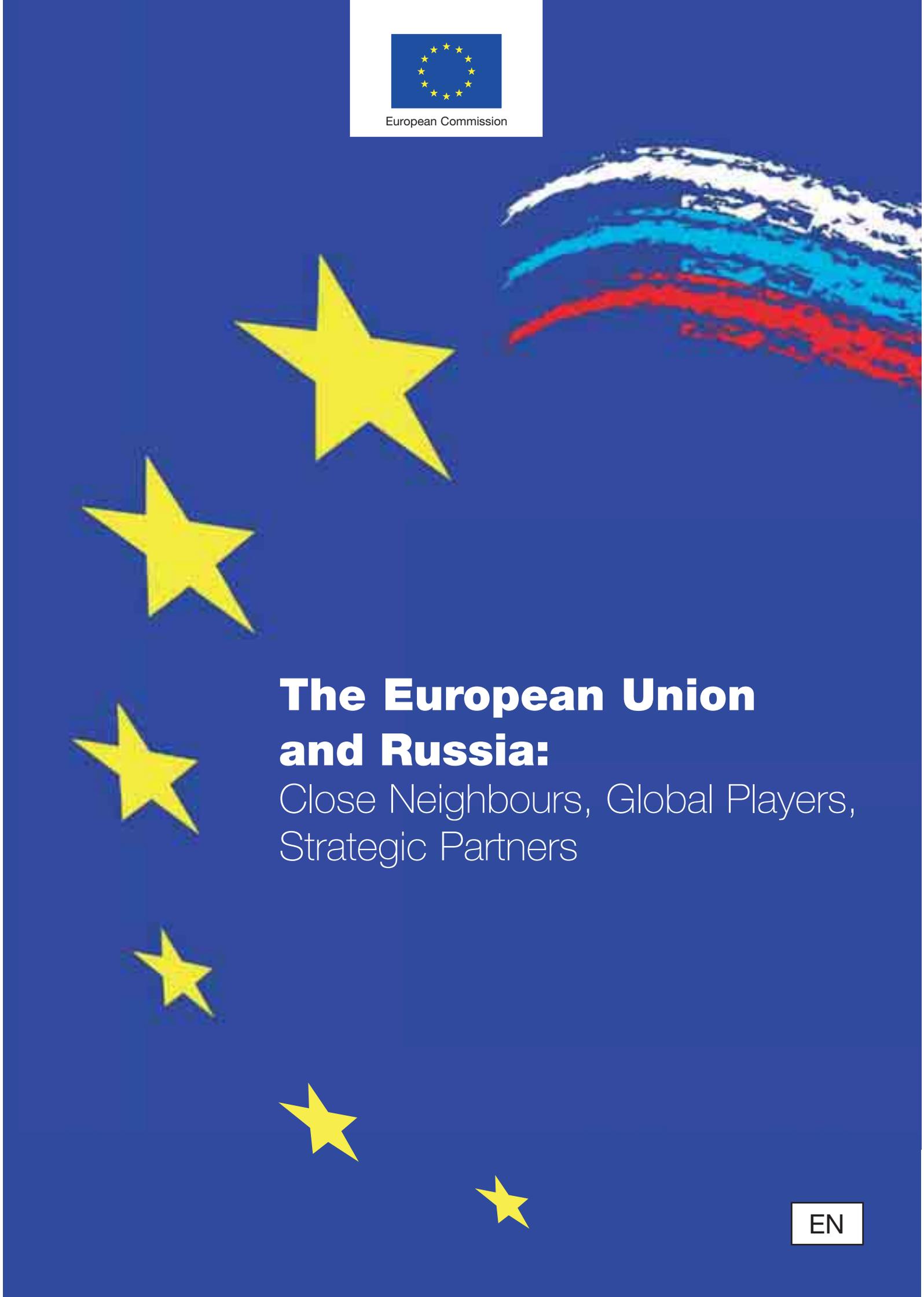




European Commission

The background of the page is a deep blue. On the right side, there is a stylized, colorful representation of the Earth's horizon, with white, blue, and red bands. On the left side, there are several large, yellow, five-pointed stars of varying sizes, arranged in a curved path that mimics the flag of the European Union.

# **The European Union and Russia:**

Close Neighbours, Global Players,  
Strategic Partners

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# **The European Union and Russia:**

Close Neighbours, Global  
Players, Strategic Partners



EUROPEAN COMMISSION  
External Relations



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# I. Europe and Russia: Building a Strategic Partnership



European flags flying in front of St. Basil's Cathedral on Red Square

The Russian Federation is one of the most important partners for the European Union. A key priority of the European Union is to build a strong strategic partnership with Russia based on a solid foundation of mutual respect. Russia is the largest neighbour of the EU, brought even closer by the Union's 2004 and 2007 enlargements. The 2003 EU Security Strategy highlights Russia as a key player in geo-political and security terms at both the global and regional level. Russia is a key actor in the UN Security Council and, due to history, geographic proximity and cultural links, is one of the key players in the common European neighbourhood. Russia's contribution to Europe's cultural heritage is an important element of our common ties. Russia is also a major supplier of energy products to the EU. Russia is a large, dynamic market for EU goods and services, with considerable economic growth. The EU's market, on the other hand, is by far the most important destination for Russian exports. Companies from the EU are the main investors in Russia.<sup>1</sup>

Russia and the EU Member States are all members of the United Nations, the Organisation for Security and Cooperation in Europe (OSCE) and the Council of Europe. They are all committed to upholding and respecting the fundamental values and principles of democracy, human rights, the rule of law and the market economy. These values underpin the EU-Russia bilateral relationship and its legal basis, the Partnership and Cooperation Agreement. The EU has a strong interest in working together with Russia to foster political, social and economic stability, in the region and worldwide. Russia and the EU need to work together to combat new threats to

security, as terrorism, crime, illegal migration and trafficking in people as well as drugs. The Russian Federation is also a crucial partner in combating climate change.

The EU and Russia are already cooperating in many ways, including the modernisation of Russia's economy and its integration into the world economy, security, international issues and cooperation in the common neighbourhood of Eastern Europe.

The EU and Russia have an extensive dialogue on political issues around the world, including the resolution of conflicts such as those in the Middle East, Afghanistan, the Western Balkans and Sudan and preventing the proliferation of weapons of mass destruction and the relevant technologies, as in the cases of Iran and North Korea.

*"I strongly believe the full unity of our continent can never be achieved until Russia, as the largest European state, becomes an integral part of the European process. (...) Today, building a sovereign democratic state, we share the values and principles of the vast majority of Europeans. (...) A stable, prosperous and united Europe is in our interest. (...) The development of multifaceted ties with the EU is Russia's principled choice."*

*Russian President Vladimir Putin's in a letter to commemorate the 50<sup>th</sup> anniversary of the European Union, 25 March 2007*

<sup>1</sup> See the Facts and Figures' section at the end of this document.

# Policy Framework

## The Partnership and Cooperation Agreement (PCA)

The legal basis for EU relations with Russia is the Partnership and Cooperation Agreement which came into force on 1 December 1997 for an initial duration of 10 years, which will be automatically extended beyond 2007 on an annual basis - unless either side withdraws from the agreement. It sets the principal common objectives, establishes the institutional framework for bilateral contacts, and calls for activities and dialogue in a number of areas.

The Partnership and Cooperation Agreement is based upon the following principles and objectives: the promotion of international peace and security; support for democratic norms as well as for political and economic freedoms. It is based on the idea of mutual partnership - one aimed at strengthening political, commercial, economic, and cultural ties.

The provisions of the PCA cover a wide range of policy areas including political dialogue; trade in goods and services; business and investment; financial and legislative cooperation; science and technology; education and training; energy, cooperation in nuclear and space technology; environment, transport; culture; and on the prevention of illegal activities.

The PCA establishes an institutional framework for regular consultations between the European Union and the Russian Federation as follows:

- At **Summits** of Heads of State/Heads of Government, which take place twice a year and define the strategic direction for the development of EU-Russia relations.
- At Ministerial level in the **Permanent Partnership Council (PPC)**, to allow Ministers responsible for various policy areas to meet as often as necessary and to discuss specific issues. PPCs have so far been held with the participation of Foreign Ministers, Justice and Home Affairs Ministers, Energy, Transport and Environment Ministers.
- At **senior officials and expert level**.
- Political **dialogue** takes place at regular Foreign Ministers meetings, meetings of senior EU officials with their Russian counterparts, monthly meetings of the Russian Ambassador to the EU with the troika of the Political and Security Committee and at expert level on a wide range of topical international issues.<sup>2</sup>
- Since 2005, regular **consultations on human rights** matters (see Human Rights section) are held.



President Barroso shakes hands with President Putin

<sup>2</sup> The EU Troika includes officials from the EU Member State that holds the EU Presidency, the incoming EU Presidency, the European Commission and the EU Council Secretariat. Experts from around 10 particular Council (<http://ue.eu.int>) working groups also meet with their Russian counterparts twice a year. These expert working groups cover common issues of concern of a regional (Eastern Europe and Central Asia, Western Balkans, Asia, North Africa/Middle East/Mediterranean, Latin America and the EU candidate countries) and sectoral (OSCE and Council of Europe, UN, Terrorism, Disarmament and Non-proliferation) nature.

- Between the European Parliament and the Russian Parliament (State Duma and Federation Council) in the EU-Russia **Parliamentary Cooperation Committee**. Members from both Parliaments meet on a regular basis and exchange views on current issues.

To complement the provisions of the PCA, a number of **sectoral and international agreements exist**, as well as **other mechanisms for cooperation** (see section below).

*Steel and textiles* are the main sectors covered by *bilateral trade agreements*. The latest Steel Agreement covers the years 2007 to 2008. The agreement will end on the day Russia becomes a member of the WTO.

- In November 2002, recognising the great efforts that Russia has made in its transition to a fully-fledged market economy, the EU granted “market economy status” to Russian exporters. It should be noted that anti-dumping is not a major aspect in EU-Russia trade at present, as only 10 anti-dumping measures are currently in force, representing less than 0.5 % of EU imports from Russia.
- Bilateral EU-Russia negotiations for Russia’s accession to the WTO were concluded in 2004 and negotiations at multilateral level are still ongoing.

The EU is currently working with Russia on a **new agreement for post-2007** to replace the existing Partnership and Cooperation Agreement (PCA). Both the EU and Russia have experienced many political, economic and social changes since the entry into force of the PCA in 1997, thus the new agreement must reflect these changes.

The aim of the new agreement will be to provide a durable and comprehensive framework for EU-Russia relations based on respect for common values and will provide the basis for the relationship in the coming years.



Commissioner Benita Ferrero-Waldner and Russian Foreign Minister Sergei Lavrov opening the European Studies Institute in Moscow, September 2006

## The Common Spaces

At the *St. Petersburg Summit in May 2003*, the EU and Russia agreed to reinforce their cooperation by creating in the long term **four 'common spaces'** in the framework of the Partnership and Cooperation Agreement and on the basis of common values and shared interests. These common spaces are as follows

1. **The Common Economic Space**, covering economic issues and the environment;
2. **The Common Space of Freedom, Security and Justice**;
3. **The Common Space of External Security**, including crisis management and non-proliferation;
4. **The Common Space of Research and Education, including Cultural Aspects**.

The *Moscow Summit in May 2005* adopted Road Maps to act as the short and medium-term instruments for the implementation of the four Common Spaces. These build on the on-going cooperation as described above, set out further specific objectives, and specify the actions necessary to make the common spaces a reality. They thereby determine the agenda for cooperation between the EU and Russia for the medium-term.

## The Northern Dimension and Cooperation with the Baltic Sea Region

The Northern Dimension (ND) covers a broad geographic area from the European Arctic and Sub-Arctic areas to the southern shores of the Baltic Sea, including the countries in its vicinity and from North-West Russia in the east, to Iceland and Greenland in the west. In its scope, the ND is increasingly focusing on **North-West Russia**, forming the largest territory covered by this policy. The **Baltic Sea, the Kaliningrad Oblast** with its opportunities for development given its particular geographical situation, as well as the extensive Arctic and sub-Arctic areas including the Barents Region, are priority areas for the Northern Dimension policy. It will help to ensure that no dividing lines are established in the North of Europe. The ND partners are the European Union, Iceland, Norway, and the Russian Federation; others, notably the regional organisations, participate.<sup>3</sup> For more information on the Northern Dimension, see [http://ec.europa.eu/comm/external\\_relations/north\\_dim/index.htm](http://ec.europa.eu/comm/external_relations/north_dim/index.htm).

## Black Sea Cooperation

With the accession of two Black Sea littoral states, Bulgaria and Romania, to the EU on January 1, 2007, the prosperity, stability and security of our neighbours has become even more important. The European Commission, therefore, proposes to complement existing policies at a regional level, such as the European Neighbourhood Policy (ENP), the pre-accession process with Turkey and the Strategic Partnership with Russia, with a Black Sea cooperation initiative. Cooperation will, where possible, take place within existing regional cooperation mechanisms (such as the Commission for the Protection of the Black Sea aiming at environmental protection). Structural cooperation with the Black Sea Economic Community (BSEC) will be strengthened.

<sup>3</sup> The regional organisations are: the Council of Baltic Sea States (CBSS) ([www.cbss.st](http://www.cbss.st)), the Barents Euro-Arctic Council (BEAC) ([www.beac.st](http://www.beac.st)), the Arctic Council (AC) ([www.arctic-council.org](http://www.arctic-council.org)), and the Nordic Council of Ministers (NCM) ([www.norden.org](http://www.norden.org)),

## II. Trade and Economic Cooperation

Between 2000 and 2006, EU exports of goods to Russia more than tripled in value, from 22.7 billion Euro to 72.4 bn, while EU imports from Russia more than doubled, from 63.8 bn to 140.6 bn. The share of Russia in the EU's total external trade in goods has nearly doubled between 2000 and 2006. In 2006, Russia accounted for just over 6% of EU exports and 10% of EU imports, and was the EU's third most important trading partner, after the USA and China.

In 2006, the EU25 exported 13.1 bn Euro of services to Russia, while imports of services from Russia amounted to 9.9 bn, meaning that the EU25 had a surplus of 3.2 bn in trade in services with Russia.

The EU and Russia agreed at the St. Petersburg Summit in May 2003 to create in the long-term a 'Common Economic Space'. A road map agreed in 2005 sets out objectives and areas for cooperation for the short and medium-term. **Fourteen dialogues** between the EU and Russia covering most economic sectors have so far been established. They include a number of regulatory dialogues which aim at promoting the gradual approximation of legislation. Three meetings of the EU-Russia **Permanent Partnership Councils** at ministerial level have been held on environment, transport and energy in 2006. This framework is complemented by sectoral agreements between both sides.



Port of Kaliningrad

### EU Policy Aims

The overall objective of the Common Economic Space is the creation of an open and integrated market between the EU and Russia. The aim is to put in place conditions which will:

- increase opportunities for economic operators,
- promote trade and investment,
- facilitate the establishment and operation of companies on a reciprocal basis,
- strengthen cooperation in many sectors such as energy, transport, information and communication technologies, agriculture, space, aeronautics, research and development, macroeconomic policy, financial services, intellectual property rights, procurement, investment, standards and environment,
- reinforce overall economic cooperation and reforms,
- enhance the competitiveness of the EU and the Russian Federation.

It also aims at reinforcing the EU and Russian economies, based on the principles of nondiscrimination, transparency and good governance, taking into account the business dialogue conducted within the **EU-Russia Industrialists' Round Table (IRT)**. For more information

on the IRT, see the weblink at [http://ec.europa.eu/enterprise/enterprise\\_policy/business\\_dialogues/russia/russiaoverview.htm](http://ec.europa.eu/enterprise/enterprise_policy/business_dialogues/russia/russiaoverview.htm).

### ***The EU: a staunch supporter of Russia's WTO accession***

Cooperation in this area aims at further integration of Russia into the world economy and at preparation for Russia's accession to the World Trade Organisation (WTO). The EU recognises the fundamental role that **WTO membership** plays in integrating Russia into the world economy and in anchoring and consolidating Russia's economic reforms. Advantages stemming from Russia's accession to the WTO will be reciprocal. It will provide more stability and predictability, better terms of access, increased legal security for EU investments in Russia. Russian exporters will have guaranteed channels of exports to all EU markets and to other WTO members.

In May 2004, EU Trade Commissioner Pascal Lamy and Russian Economy Development and Trade Minister German Gref signed an agreement concluding the bilateral market access negotiations for the accession of the Russian Federation to the WTO. The EU being Russia's largest trading partner, the EU-Russia bilateral agreement was regarded as major step in the process of Russia's WTO membership. It is the Russian Government's declared aim to join the WTO in the course of 2007.

### ***Facilitating the Russian economic success story***

Russia needs continued strong economic growth to achieve President Putin's 2003 goal of doubling GDP in ten years, to attract new technology, to diversify the economic base and to develop the production of high-value and knowledge intensive goods and services. These elements form the foundation of Russian competitiveness in international markets.

The EU has a vital interest in promoting prosperity in its largest neighbour. The European and Russian markets are fundamentally complementary: both the EU and Russia each have strengths that could be shared to mutual benefit. The EU is a knowledge-based economy that, simultaneously, needs to lift its long-term growth prospects; while Russia is a high-growth emerging economy necessitating a knowledge base able to exploit its historic strengths in advanced science and technology.

Trade and investment flows between the EU and Russia are already significant but they tend to be concentrated in sectors where barriers are low and regulatory systems are compatible. However, Russian companies can come up against problems in meeting EU norms and standards. Or service providers may not be able to meet prudential or legislative requirements. For their part EU companies wanting to invest in Russia have often been held back by legislative and bureaucratic obstacles, as well as by high tariffs, for example on imported components. Such barriers reduce our shared competitiveness.

Russia has experienced a strong reversal of its traditional capital outflows. Foreign direct investment (FDI) more than doubled between 2005 and 2006, from USD 14.6 to approximately 30 billion. FDI yearly inflows are now higher than 3% GDP. The investment share of GDP is now at roughly the OECD average of 22% which is rather low compared to other emerging economies like China. Most of these investments go into manufacturing and services and not the energy sector any more.



In the field of transport, the Council adopted negotiation directives for an Agreement on satellite navigation (Galileo/Glonass) in 1999. The negotiations were discontinued in 2001, however, preparations are underway to restart them on a new basis focusing on programmatic priorities and the joint use of the European and Russian satellite navigation systems.

A Fisheries Agreement, aiming at deepening cooperation in fisheries and the conservation of the living marine resources in the Baltic Sea, was signed in 2006.

The Commission services are actively addressing the question of the long queues of lorries at the EU's land borders with Russia and are in close contact with the Russian authorities in order to identify and implement solutions.

Communication between the EU and Russia has improved at all levels, and there is a better understanding of our respective regulatory environments in numerous sectors. Concrete outcomes can be expected in the medium or long term as far as regulatory convergence is concerned.

*Deep and comprehensive economic integration between the EU and Russia will allow us to fully exploit the potential of our partnership.*

**Commission President José Manuel Barroso at the EU-Russia Summit in Helsinki on November 24, 2006.**

# III. Energy, Climate Change and Environment



EU Energy Commissioner Andris Piebalgs

Energy is a very important element in the EU-Russia relationship. This relationship can be best characterised as mutual interdependence of supply, demand, investment and know-how.

Russia is the world's largest producer and exporter of natural gas and, together with Saudi Arabia, also the largest producer and exporter of oil. Russia possesses more than 20% of the world's known gas reserves and 5% of proven oil reserves. The share of the energy and metals sector in the Russian economy is around 20% while it employs only 2% of the total labour force.

There is a strong mutual interest in a closer energy partnership between the EU and Russia – one that offers security and predictability for both sides. The energy that the EU buys from Russia contributes very significantly to Russia's current economic growth and the improved living conditions of its population. In turn, the stable flow of reasonably priced energy remains an important motor for Europe's economic growth. Ultimately, our citizens and businesses alike need to be provided with safe, reasonably priced energy.

### ***Further developing a dynamic energy relationship***

Russia will remain an important supplier to the EU for years to come and has the potential to supply significant quantities of the additional energy resources that the EU might need to import in the medium term. Adequate investment in new capacity is required to extract and supply gas and oil. It is important to ensure that Russian and EU companies alike should have fair, transparent and reciprocal access to energy resources and markets as well as to oil and gas transportation infrastructure.

Considerable investments by European companies in the Russian energy sector were made soon after the collapse of the Soviet Union. Today, investments flow increasingly from Russian energy companies into the European Union. To safeguard investments as well as trade, the EC engaged with Russia, as well as other key energy producers, to establish a comprehensive Energy Charter Treaty (ECT). Action by the EU and governments is accompanied by cooperation among EU and Russian companies.

While Russia has not ratified the Energy Charter Treaty, it continues to affirm that it intends to follow its key principles. Hence, it is the EU's intention to have the ECT principles included in a forthcoming new agreement between EU and Russia.

#### **Fostering energy efficiency: the EU-Russia Energy Dialogue**

The EU-Russia Energy Dialogue, launched in 2000, provides opportunities at both the political and expert level to foster cooperation and solve key problems. The issues discussed include barriers to investments in terms of transparency, reciprocity and protection of investors in the energy sector; as well as cooperation on new technologies and infrastructure projects. Particular attention is paid to energy efficiency and energy saving – an area that has vast potential for drastically reducing energy consumption in Russia.

Given global warming and high energy prices both Russia and the EU have a substantial common interest in enhancing energy efficiency in Russia. According to International Energy Agency (IEA) data, energy efficiency per GDP in Russia is still 2.5 times lower than in the OECD countries. As a result, cooperation in this field is to remain high on the agenda.

Examples of EU-Russia cooperation at a practical level include the joint Energy Dialogue Technology Centre in Moscow, which has a proven track record as a focal point for practical cooperation in the energy sector as well as two further projects: first, involving the harmonisation of energy policies and, second, concerning the promotion of energy efficiency in three pilot regions, namely Kaliningrad, Astrakhan, and Archangelsk.

Despite positive trends in the development of EU-Russian energy relations, some major questions are still unresolved. Further dialogue is required, for example, concerning the access of independent energy producers to pipelines in Russia as well as transit routes from Central Asia. Additionally, the issue of disruptions in oil and gas supplies from Russia to the EU, arising from disputes between Russia and transit countries, also needs to be addressed through mutual dialogue. Both sides recognise the seriousness of such events and realise the importance of a fruitful partnership. Both the EU and Russia, therefore, understand the need to use better the mechanism of joint-consultations as well as to establish an early-warning system to ensure a steady supply of oil and gas to all European consumers.



EU Financed wind energy project in the Kaliningrad Oblast

*“In the energy sector, Russia needs Europe as much as Europe needs Russia. The energy that Europe buys from Russia has been one of the key factors in Russia's economic revival and stable flows of reasonably priced energy has been an important motor for Europe's economic growth. In the energy sector, in other words, we are reinforcing each other.”*

**EU Energy  
Commissioner  
Andris Piebalgs at the  
International Energy  
Week in Moscow on  
October 31, 2006.**



**Nuclear energy** is being addressed in several respects: Negotiations have been launched for an agreement on trade in nuclear materials. In addition, the EU wishes to resume discussions of the working group on the safety of the first generation nuclear reactors. The Rome Summit in November 2003 decided on the renewal of the Science and Technology Cooperation Agreement, covering also nuclear Safety and Nuclear Fusion.

***Of unique importance: cooperation on climate change and the environment***

The European Union works with very many countries to tackle environmental problems. But cooperation on the environment and climate change between the EU and Russia is uniquely important. The partnership is vital for the future of the environment at the global level, within the European continent, and at the local level where our borders meet – both on land and sea.

At a global level the commitment of the EU and Russia is essential for the success of efforts to combat climate change; to promote sustainable use of forest resources; to halt the decline of biological diversity; and to reduce wasteful use of energy resources. Russia's decision to ratify the Kyoto Protocol of the UN Framework Convention on Climate Change in 2005 was pivotal in bringing that agreement into force. Russia's implementation of the Kyoto flexible mechanisms will help to ensure that the Protocol achieves its objectives of combating global warming by reducing greenhouse gas emissions

The EU and Russia are also partners in tackling the environmental problems of the European region, including efforts to reduce trans-boundary air pollution, to reduce risks from industrial accidents, to clean up regional seas such as the Baltic, the Barents and the Black Seas, to safeguard the vulnerable environment of Northern Europe and to protect natural areas, threatened species, and biological diversity. As direct neighbours the EU and Russia co-operate closely to protect cross-border nature resources and to keep clean our shared river basins and lakes.

In many of these areas progress is already evident. Joint-funding of projects in the context of the Northern Dimension Environmental Partnership (NDEP), efforts to improve Forest Law Enforcement and Governance, bilateral collaboration on Kyoto implementation, and the work of the EU-funded Russian Regional Environment Centre to raise environmental awareness are just a few examples. The opening in 2005 of the NDEP supported St. Petersburg South-west Waste-water Treatment Plant shows what can be achieved through co-ordinated action on a more local scale between Russian and EU partners.

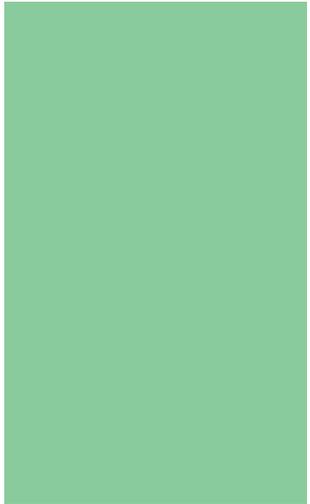
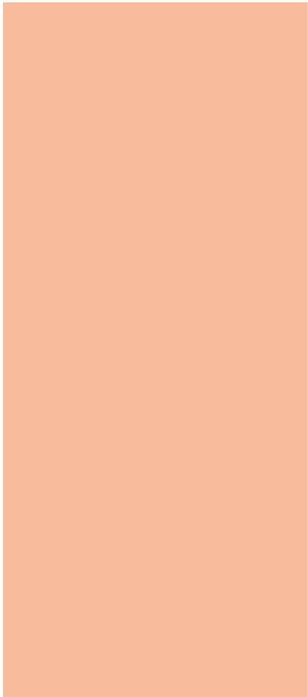
The launching of the EU-Russia environmental dialogue in Helsinki in October 2006 has moved this cooperation up a gear. Expert groups are now developing joint-actions in a number of areas including climate change, industrial pollution, nature protection, forestry, water and marine issues, convergence of environmental policies and assessment of the environmental impact of projects.





### **Did you know...**

...that the energy and metals industry represents around 20% of Russia's GDP? The EU is the largest consumer of Russian energy products with 63% of Russia's oil exports and 65% of its gas exports being exported to the EU. Russia is the largest single external supplier of oil, accounting for 30% of EU total imports or some 27% of total EU oil consumption. Russia also accounts for some 44% of EU gas imports or around 24% of total gas consumption. With such an important mutual dependence having arisen regarding energy exports, it is easy to see why energy plays an important part in EU-Russian relations.



# IV. Freedom, Security, Justice and Human Rights

The EU and Russia agreed at the St. Petersburg Summit of May 2003 to create in the long-term a 'Common Space on Freedom, Security and Justice'. A road map agreed in 2005 sets out the objectives and areas for cooperation in the short and medium term. Its gradual development takes place in the framework of the Partnership and Cooperation Agreement. Biannual meetings of the EU Troika (EU Presidency together with incoming Presidency, Council and Commission) with the Russian counterparts at ministerial level monitor the overall implementation of this Common Space.

## EU Policy Aims

Cooperation in this area has become a key component in the development of a strategic partnership with Russia. The scope of our cooperation has gained tremendous importance with the expansion of our common borders after the last enlargements of the EU. Our 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. 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. Our cooperation, carried out on the basis of common values such as democracy, respect for human rights and fundamental freedoms, must reflect the necessary balance between Security, on the one hand, and Justice and Freedom, on the other.

## EU Strategy

In the area of **Freedom**, the development of visa policy brings tangible benefits to our citizens and improves people-to-people contacts. The EU-Russia agreements on visa facilitation and readmission have been concluded in early 2007, entering into force on 1 June 2007. In the visa facilitation agreement there are provisions on simplified procedures for issuing visas (e.g. less documentary evidence to be presented, shorter procedures for processing visa applications, waiving of visa fees for certain categories of persons, visa exemptions for holders of diplomatic passports). Readmission obligations, concerning the return of own nationals and third country nationals illegally residing in the territories of the EU Member States and Russia, are an important tool to prevent and tackle illegal immigration.

On our common borders, the new European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the EU (FRONTEX), based in Warsaw, has concluded a working arrangement with the Russian Border Guards Service on the establishment of operational cooperation to improve border management and controls.

In the area of **Security**, fighting terrorism and organised crime is a key priority for cooperation. The Commission uses political dialogue and technical assistance to help promote compliance with international law. Meetings between the EU Counter Terrorism Coordinator and the Russian Special Presidential Envoy as well as at expert level enable exchanges of information and best practices. The security part of the Common Space also provides for cooperation on e.g. document security as well as fight against money laundering, drugs, trafficking in human beings and corruption. Regarding law enforcement, the EUROPOL-Russia Cooperation Agreement of 2003 enabling the exchange of

strategic information. The agreement is instrumental to enhance our efforts to fight organised crime. Regular meetings of the EU-Russian Liaison Officers in the fight against organised crime take place in Moscow.

Russia has recently adopted a law on the protection of personal data. Ratification of the related Council of Europe Convention is a prerequisite for an additional and enhanced operational agreement between Russia and EUROPOL.

In the area of **Justice**, the EU supports judicial reform in Russia, notably in areas such as training of judges and the modernisation of the court system. Currently, the EU and Russia are also informally exploring possibilities for judicial cooperation in civil matters. As regards cooperation in criminal matters, EUROJUST and Russia have recently launched negotiations on a cooperation agreement, which will enhance the parties' work against cross-border crime.

### **Human Rights**

With democracy, respect for human rights, fundamental freedoms and the rule of law being at the very core of EU-Russia relations, it is only natural that these issues are regularly discussed at all levels.

In 2005 regular, six-monthly EU-Russia human rights consultations were established. They have provided for a substantial dialogue on human rights issues in Russia and the EU and on EU-Russian cooperation on human rights issues in international fora. The EU also maintains a regular dialogue with both Russian and international NGOs on human rights issues.

Issues that the EU raises with Russia in the human rights consultations include: the human rights situation in Chechnya and the North Caucasus, including torture and ill-treatment; freedom of expression and assembly, including freedom of the media; the situation of civil society in Russia, notably in light of the laws on NGOs and extremist activities; the functioning of the judiciary, including independence issues; the observation of human rights standards by law enforcement officials; racism and xenophobia; legislation relating to elections. For its part the Russian side raises matters of concern to it in developments inside the EU.

The EU has supported the development of democracy, the protection of human rights and the development of a healthy civil society in Russia notably through the European Initiative for Democracy and Human Rights (EIDHR) ([http://www.delrus.cec.eu.int/en/p\\_321.htm](http://www.delrus.cec.eu.int/en/p_321.htm)). This has enabled the EU to work with NGOs and partners as for example the Council of Europe in fields such as: penal reform; improving the capacity of lawyers and law enforcement officials to apply the European Convention on Human Rights; combating human rights violations in the North Caucasus; human rights of conscripts in the armed forces; promoting children's rights; promoting the rights of indigenous peoples.



Journalist Anna Politkovskaya of Novya gazeta newspaper, murdered in October 2006

# V. Foreign Policy Cooperation and External Security

The EU and Russia have agreed to reinforce their cooperation in the area of external security as they both have a particular responsibility for security and stability on the European continent and beyond.

## EU Policy Aims

There are 5 priority areas for enhancing EU-Russia cooperation:

- Strengthening dialogue and cooperation on the international scene
- The fight against terrorism
- Non-proliferation of weapons of mass destruction and their means of delivery, strengthening export control regimes and disarmament
- Cooperation in crisis management
- Cooperation in the field of civil protection

## EU Strategy

The EU and Russia work to strengthen the roles of the United Nations, OSCE and Council of Europe (CoE) in building an international order based on **effective multilateralism**. An extensive and ever more operational **political dialogue** characterises EU-Russia relations (see above).

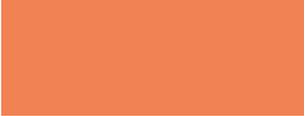
The EU has a strong interest in engaging Russia in strengthening stability on the European continent, notably in regions adjacent to EU and Russian borders – our **common neighbourhood**. The regional conflicts in Moldova (Transnistria) and the South Caucasus (Abkhazia, South Ossetia and Nagorno-Karabakh) are regularly discussed. The EU also stresses the importance of promoting democracy in Belarus. These discussions simultaneously grant both partners the opportunity to voice a frank exchange of views regarding the situation in the common neighbourhood and a platform to seek common solutions.

The EU and Russia seek to strengthen their cooperation in all relevant international and regional fora in the **fight against terrorism**, notably by promoting and developing the relevant conventions and instruments in the UN, OSCE and Council of Europe. The EU in particular seeks an early finalisation of the UN Comprehensive Convention against International Terrorism.

In the area of **non-proliferation, export controls and disarmament**, a major objective of the EU and Russia is to promote the universal adherence to and greater effectiveness of the relevant international instruments. A particular EU concern at present is to seek Russian support for the accession of all EU Member States to the Missile Technology Control Regime (MTCR). Russia is seeking to join the Australia Group (Biological and Chemical Weapons Control).



President Putin meets EU High Representative Javier Solana and Romano Prodi



A major part of EU funding has supported the International Science and Technology Centre (ISTC) in Moscow for the redeployment of weapons experts to work on peaceful projects. Since 1994, some 60,000 experts have benefited from about 2100 projects worth a total of \$635 million. Out of this figure the EU has contributed €150 million to the ISTC redeployment efforts.

The EU contributes also to the G8 Global Partnership against the Proliferation of Weapons of Mass Destruction. At the G8 Summit in December 2003 former Commission President Prodi committed €1 billion over ten years as a contribution to the Partnership. Currently, the EU is well on its way to meeting its pledge with around € 800 million committed and more than €400 million spent. The EU commitment refers to the four areas of cooperation that have been identified: non-proliferation, disarmament, counter-terrorism and nuclear safety.

At the Seville European Council in 2002, the EU defined the arrangements for Russian participation in EU **crisis management operations**. Russia has however not accepted to participate in EU operations under these conditions. Nevertheless a policy dialogue is developing in the field of crisis management and European Security and Defence Policy, notably through the regular meetings of the Russian Ambassador in Brussels and the Political and Security Committee Troika. There are also regular meetings between the Chief of General Staff of the Russian Federation and the Chairman of the EU Military Committee as well as expert-level contacts.



In the field of **Civil Protection**, the aim is to strengthen dialogue and cooperation to respond to disasters and emergencies. Cooperation primarily takes place between the EU's Civil Emergency Monitoring and Information Centre based in the Directorate General for Environment of the Commission and the Russian Ministry for Emergency Situations. An arrangement for practical cooperation was established in 2004 providing for exchanges of information, contact details for 24-hour communication and exchanges of staff between the operational centres.



# VI. Research, Education and Culture

The EU and Russia have a strong and genuine interest to work together to foster political, social and economic stability in Russia, in the region and worldwide. Cooperation in research and development, education and culture should contribute to this objective.

## EU Policy Aims

Increased cooperation in the field of research and development, education and culture will contribute to increased cooperation between institutions and people working on common challenges, better knowledge of differing history and culture and more contacts among people, particularly the young.

## EU Strategy

At the St. Petersburg Summit in May 2003, the EU and Russia agreed to set up a 'Common Space of Research and Education, Including Cultural Aspects'.

In the area of **research and development** the objective is to enhance EU-Russia cooperation in mutually agreed priority fields and create favourable conditions, corresponding to the interests of both parties, aimed at

- structuring a knowledge-based society in the EU and Russia;
- promoting a high rate of competitiveness and economic growth by modernization of the national economies and implementation of advanced scientific achievements;
- strengthening and optimizing the links between research and innovation;
- maintaining small and medium size entrepreneurship in the field of research and innovation.



Young Russians celebrating Europe Day 2007 in Moscow on Red Square

In the area of **education** the objective is to encourage integration and closer cooperation within the framework of the new European Higher Education Area in accordance with the main provisions of the Bologna Process, aiming in particular at:

- adopting comparable higher education degrees;
- adopting a two-tier “bachelor-master” and as soon as possible a three-tier “bachelor-master-doctorate” education system;
- introducing a credit system, aimed at practicing the European Credit Transfer System (ECTS) to check the volume of the taught subjects;
- promoting academic mobility;
- cooperating in the provision of learning quality;
- introducing integrated curricula at higher education institutions;
- promoting life-long learning;
- modifying the management of higher education institutions with a view to adapting students learning to labour market changes;
- increasing the attractiveness of the higher education systems in Russia and in the EU.

In the area of **culture** there are three objectives:

- to promote a structured approach to cultural cooperation between the enlarged EU and Russia, to foster the creativity and mobility of artists, public access to culture, the dissemination of art and culture, inter-cultural dialogue and knowledge of the history and cultural heritage of the peoples of Europe.
- to strengthen and enhance the European identity on the basis of common values, including freedom of expression, democratic functioning of the media, respect of human rights including the rights of persons belonging to minorities and promotion of cultural and linguistic diversity as a basis of vitality of civil society in Europe without dividing lines.
- to develop cooperation between the cultural industries of the EU and Russia in order to increase both their cultural and economic impact.

### **The wider context**

Cooperation in research and development, education and culture takes time to develop. However, scientific cooperation between the EU and Russia is already very good and successful. Russia has, to date, been the most successful third country participant in the **EU Research and Development Framework Programme** (<http://ec.europa.eu/research/fp7/>). Thanks to the intense and continuous policy dialogue on research, common priorities and action plans have been adopted and are being implemented (such as in Energy, Materials and Nanotechnologies, Space, Aeronautics, Climate Change and Ecosystems, and Health).

Cooperation in the field of education takes place through the **Tempus** programme ([http://www.etf.europa.eu/Web.nsf/pages/Tempus\\_EN?opendocument](http://www.etf.europa.eu/Web.nsf/pages/Tempus_EN?opendocument)) which helps to reform the Russian higher education system and works towards convergence with



EU standards and practices. The Commission envisages a continuation of the Tempus programme in the period 2007-2013. The Commission is also encouraging access to the Erasmus Mundus programme ([http://ec.europa.eu/education/programmes/mundus/programme/future\\_en.html](http://ec.europa.eu/education/programmes/mundus/programme/future_en.html)) where the number of Russian students selected to receive scholarships to participate in European joint Masters Courses has already increased to 36 in 2006, with enormous space of growth on both sides. The Youth Programme ([http://ec.europa.eu/youth/index\\_en.html](http://ec.europa.eu/youth/index_en.html)) is another important and efficient tool for people to people contacts, to enhance mobility and cooperation in the field of non-formal education for young people.

In 2006, the **European Studies Institute** has been opened in Moscow at the prestigious Moscow State Institute of International Relations (MGIMO University), forming a key focal point of EU studies and cultivation of understanding the EU amongst Russian students and leaders of tomorrow.

A strong convergence of views and common approaches on the ratification and implementation of the UNESCO Convention on the protection and the promotion of the diversity of cultural expressions is being promoted.

### **Did you know...**

...that an art exhibition, entitled "Europe, Russia, Europe" took place in Moscow at the world renowned Tretyakov Gallery in May 2007, marking the 10th anniversary of the Partnership and Cooperation Agreement, and the 150th anniversary of the State Tretyakov Gallery? This exhibition devoted to European history and the arts included major masterpieces from EU Member States and Russian collections. The exhibition emphasised the national identity, values and cultural traditions of each participating country and enhanced mutual understanding and cooperation between the EU and Russia.

# VII. EU Cooperation Programmes and Projects

A programme of financial cooperation is being put in place – to be funded by both sides – to foster and to strengthen the strategic partnership between the European Union and Russia. Projects will be funded to the extent that they meet common political or policy priorities. Ideas for projects which will further the objectives identified in the road maps are expected to emerge from the Common Space dialogues. If both sides agree, projects designed to achieve precise policy outcomes – whether in the field of environment and climate change, transport or energy; to support the fight against organised crime, terrorism or corruption; or in favour of increased cooperation in science and technology, academic or cultural exchange – would be funded from the EU-Russia programme of financial cooperation.

## In a historical perspective

Financial cooperation with Russia began in the early 1990s, under the then TACIS programme. The idea was to help smooth Russia's transition to democracy and the market economy, and was targeted at a whole range of sectors. Since 1991, some €2.7 billion of assistance was provided through the European Commission. Given the significant recent improvements in the Russian Federation's fiscal position, the need for such broad ranging assistance has considerably diminished. Financial cooperation will now be carefully targeted to meet the objectives defined in the road maps to the Common Spaces. In future EU financial cooperation with Russia is expected to be matched by the Federation. The amounts made available by the Commission have been reduced accordingly.

## The numbers – and the terminology

Up to €60m per annum will be available to bolster the EU-Russia relationship in the three or four years from 2007, concentrated mostly on the four Common Spaces, academic and educational exchange, and support for Russian regions. But the total figure could rise to €100m depending on the level of Russian involvement in regional, cross-border and other programmes.

Funding is sourced in the main from the *European Neighbourhood and Partnership Instrument* (ENPI). Priorities for cooperation, as described above, are set out in the national, regional and cross-border *indicative programmes* for 2007-2010, approved by EU Member States and agreed with the Russian Government. They set out respectively allocations for cooperation with the Russian federal authorities, with a number of countries in the region and for cooperation between local authorities on either side of the Russia-EU border.

The **regional programme** encompassing Eastern Europe and Russia, the Southern Caucasus and Central Asia, is designed to encourage regional cooperation in transport, energy, trade and investment; on the environment; and for border and migration management, and the fight against organised crime and drugs. Funding may also be made available for the Northern Dimension (see separate section). Russian republics and oblasts are eligible for a number of the **cross-border**, or **neighbourhood programmes** set up by the European Commission (the Barents, and Baltic Seas Programmes, Karelia, and South-East Finland/Russia; Estonia/Latvia/Russia; and Lithuania/Poland/Russia). The idea is to promote economic and social development in border areas; to tackle common

environmental, health and security problems; and to encourage cross-border exchange and contacts.

Funding for financial cooperation with Russia is also sourced from the *Nuclear Safety Instrument*, the *Democracy and Human Rights Instrument*, a number of *thematic programmes*, and – if a crisis were to occur – from several *instruments* designed to respond to humanitarian or other crises.

### **Nuclear safety**

The TACIS programme has contributed since its beginnings in 1991 to improve nuclear safety in the Russian Federation with some € 500 million.

Funding was dedicated to on-site assistance to nuclear sites in all parts of the Russian Federation, for example in Smolensk (West Russia), Sosnovy Bor (Leningrad Oblast) and Kola (Arctic Russia), and to provide the necessary support by EU operators for nuclear safety improvements at nuclear power plants in Russia on a continuous basis. Such assistance focuses on the areas of design safety, operating and surveillance conditions and the overall organization of operational safety.

The programme has also supported the National Regulatory Authority of Russia. Through EU technical and financial assistance, the programme assists in establishing the necessary legal framework. It also improves the overall safety culture through more formal and regular dialogue between plant operators and regulatory authorities, on the one hand, and their western counterparts, on the other.

TACIS has also assisted in the improvement of nuclear safeguards and in contributing to the nuclear window of the Northern Dimension Environmental Partnership (NDEP) ([http://ec.europa.eu/comm/external\\_relations/north\\_dim/](http://ec.europa.eu/comm/external_relations/north_dim/)) - to which the Commission is one of the main contributors. The NDEP aims at tackling the situation in Northwest Russia, where the legacy of the Soviet Arctic fleet presents a major problem.

Our collaboration with our Russian partners has been very highly valued by the different Russian stakeholders, a fact that has been clearly reflected through their positive statements during recent meetings to launch our cooperation for the period 2007-2013 that is foreseen under a new Nuclear Safety Instrument.

# VIII. Cooperation with Russia's Regions



Kaliningrad recently celebrated its 750<sup>th</sup> birthday and is amongst the great centres of European cultural history

## Kaliningrad

The 2004 EU enlargement resulted in the Kaliningrad oblast of Russia becoming an exclave surrounded by EU territory and bordering on Poland and Lithuania. The EU recognised Russia's concerns about the possible negative impacts of EU enlargement on the transit of goods and people to and from Kaliningrad. This led to an agreement between the EU and Russia on a facilitation transit regime for the movement of persons in 2003. The prosperity gap between Kaliningrad and the neighbouring regions is a further issue of concern, which has an impact on the socio-economic situation on either side of the borders.

### EU Policy Aims

- to ensure that Kaliningrad region can benefit from and contribute to the sustainable development of the Baltic Sea region.
- to promote the socio-economic development of Kaliningrad.
- to ensure the smooth and efficient functioning of the transit of goods and persons between Kaliningrad and the rest of Russia.

### EU Strategy

As regards transit between Kaliningrad and the rest of Russia, steps are taken to improve the efficiency of border crossings and the socio-economic development of the region. Customs authorities of Lithuania and Russia together with the Commission cooperate to make the transit arrangements function as smoothly as possible. Since 2004, strong growth rates in transit volumes suggest that the arrangements work well. Technical meetings/consultations between the Commission and the relevant authorities are addressing the outstanding issues on the transit of live animals, veterinary and phytosanitary checks, the limitations on the amount of personal goods allowed to be taken by a train passenger and capacity problems at border crossing points. Lithuania and Russia have acknowledged the good functioning of the facilitated transit regime of persons, which has entered into force in July 2003. The Commission issued a report in December 2006, acknowledging that the transit regime works in a satisfactory manner.

Further facilitating cross-border movement between Kaliningrad and its neighbours, however, is called for. Border infrastructure has to be upgraded through in particular swift and efficient implementation of the projects already agreed. Procedures have to be streamlined and simplified to eliminate long queues of lorries hindering movement between Kaliningrad and neighbouring regions of Poland and Lithuania. Steps are being made in this direction, yet the deepening of further cooperation remains of great importance.

Kaliningrad suffered a steep economic decline in the 1990s, with negative social consequences. However, since 2001 economic growth in Kaliningrad has been faster than the Russian average. It has become an important export hub for raw materials from Russia and an import centre for manufactured goods from the EU. Trade is booming in Kaliningrad, due to customs and tax benefits granted to it by the federal government.



Kaliningrad's status as a Russian Special Economic Zone has been recently renewed, although with small changes. The new legislation is geared towards attracting investment in manufacturing industries. Whilst investment levels are still relatively low, there are some examples of successful foreign investments in Kaliningrad, such as the BMW car assembly plant.

### ***The EU supports Kaliningrad's development***

For Kaliningrad, the EU has committed close to €100 million for technical assistance in the periods 2001-2003 and 2004-2006. Another over €50 million have been earmarked for the period 2007-2013. Projects cover institution building, energy, transport, enterprise restructuring, management training and environment. The intention is to support Russian efforts to promote the economic and social development of the Kaliningrad region and to strengthen cross-border cooperation along the borders of the enlarged EU with Russia.

Examples of projects include:

- promotion of innovative small and medium-sized business activities, trade and investment, the improvement of energy distribution and its efficient use at industrial and municipal levels, and the development of the administrative capacity of regional authorities'.
- cooperation, exchange and networking between Kaliningrad and EU universities.
- programmes to combat drug addiction, HIV/AIDS and tuberculosis.
- environmental assistance, with particular emphasis on waste water treatment and monitoring of oil spills in the Baltic Sea.
- Improvement of health indicators and vocational training.

Emphasis has recently been placed on projects intended to develop the administrative capacity of the region (particularly on improvement of overall conditions for business development); to improve the quality of primary and preventive health care services; to promote the intellectual potential of the region; and to encourage cross-border cultural exchange.

## Northern Caucasus

Since the beginning of the conflict in Chechnya in autumn 1999 and including the new €17,5-million funding decision for 2007, **the European Commission has provided around €220 million in humanitarian aid** for this crisis, making the EU the largest donor in the region.

The aid is aimed at supporting internally displaced persons (IDPs) and vulnerable groups in Chechnya, as well as IDPs in Ingushetia and Dagestan. Assistance is provided mostly in the following sectors: protection of the civilian population, shelter rehabilitation, income-generation activities, health and psycho-social assistance. Additionally, sup-

port will be provided to Chechen refugees in Georgia and Azerbaijan. Funds are being allocated via the Directorate-General for Humanitarian Aid of the European Commission (ECHO).

Relative improvements in the socio-economic situation in Chechnya over the last two years and a significant reconstruction effort have led, in 2007, to a downsizing of ECHO's humanitarian programmes in the region for the first time since the beginning of the crisis.

However, although the conflict in Chechnya has receded, the humanitarian situation in the region remains difficult. Some 150,000 people continue to be internally displaced within the Republic. Many of them are returnees who have come back from Ingushetia over the past few years but could not go home because their houses were destroyed during the conflict. Living conditions remain extremely difficult. Outside Chechnya, around 18,000 people are still displaced in Ingushetia and some 7,000 in Dagestan.

In parallel to a phasing down of humanitarian aid activities, the EU's focus is shifting from purely humanitarian assistance to development programmes. The EU has recently launched a new **special programme for economic recovery of the North Caucasus** with a budget of €20 million for health, education and economic development. There exists a clear mutual interest in the stability, and therefore the recovery and development, of the North Caucasus. The EU stands ready to provide further support to the recovery programme put in place by the Russian Federation and regional governments for Chechnya and the surrounding region.



Chechen villagers receiving training in ECHO-funded income generating activities

# Annex – Facts and Figures

## EU-Russia Facts and Figures

	<i>Russian Federation</i>	<i>EU</i>
<b>Population</b>	143 million	493 million
<b>Area</b>	17,075,000 sqkm	4,423,000 sqkm
<b>Population density</b>	8,3 inhabitants per sqkm	113 inhabitants per sqkm
<b>Life expectancy at birth</b>	67 years	75.8 years
<b>Gross Domestic Product (GDP) in € (rounded)</b>	740 billion	10,750 billion
<b>GDP per capita (purchasing power parity) in € (rounded)</b>	9200	22,300
<b><i>GDP structure</i></b>		
Industry	36.6%	27.2%
Services	58.2%	67.1%
Agriculture	5.3%	4.3%

## Trade in Goods:

### RUSSIA'S TRADE WITH MAIN PARTNERS (2005)

Russia's major import partners			Russia's major export partners		
Partners	Mio euro	%	Partners	Mio euro	%
<b>World</b>	<b>77.900</b>	<b>100,0</b>	<b>World</b>	<b>191.173</b>	<b>100,0</b>
1 <b>EU</b>	<b>34.904</b>	<b>44,8</b>	1 <b>EU</b>	<b>107.494</b>	<b>56,2</b>
2 Ukraine	6.250	<b>8,0</b>	2 China	10.489	<b>5,5</b>
3 China	5.819	<b>7,5</b>	3 Ukraine	9.949	<b>5,2</b>
4 Japan	4.695	<b>6,0</b>	4 Turkey	8.729	<b>4,6</b>
5 Belarus	3.709	<b>4,8</b>	5 Switzerland	8.410	<b>4,4</b>

### EU TRADE WITH MAIN PARTNERS (2006)

The EU's major imports partners			The EU's major export partners		
Partners	Mio euro	%	Partners	Mio euro	%
<b>World</b>	<b>1.348.317</b>	<b>100,0</b>	<b>World</b>	<b>1.164.719</b>	<b>100,0</b>
1 China	191.342	<b>14,2</b>	1 USA	267.672	<b>23,0</b>
2 USA	175.813	<b>13,0</b>	2 Switzerland	86.392	<b>7,4</b>
3 <b>Russia</b>	<b>136.847</b>	<b>10,1</b>	3 <b>Russia</b>	<b>71.791</b>	<b>6,2</b>
4 Norway	79.019	<b>5,9</b>	4 China	63.248	<b>5,4</b>
5 Japan	75.631	<b>5,6</b>	5 Turkey	46.350	<b>4,0</b>

EUROPEAN UNION, IMPORTS FROM RUSSIA (MIO €)							
SITC Rev.3 Product Groups	2002	%	2004	%	2006	%	Share of total EU imports
<b>TOTAL</b>	<b>61.999</b>		<b>80.722</b>		<b>136.847</b>		<b>10,15</b>
<b>Primary Products</b>	<b>44.752</b>	<b>72,2</b>	<b>57.895</b>	<b>71,7</b>	<b>101.298</b>	<b>74,0</b>	<b>21,20</b>
<i>of which</i>							
Energy	37.302	<b>60,2</b>	48.749	<b>60,4</b>	89.534	<b>65,4</b>	<b>28,34</b>
Agricultural prod.	2.538	<b>4,1</b>	2.215	<b>2,7</b>	2.697	<b>2,0</b>	<b>3,10</b>
<b>Manuf. Products</b>	<b>7.114</b>	<b>11,5</b>	<b>9.131</b>	<b>11,3</b>	<b>11.173</b>	<b>8,2</b>	<b>1,73</b>

EUROPEAN UNION, EXPORTS TO RUSSIA (MIO €)							
SITC Rev.3 Product Groups	2002	%	2004	%	2006	%	Share of total EU exports
<b>TOTAL</b>	<b>34.279</b>		<b>45.832</b>		<b>71.791</b>		<b>6,16</b>
<b>Primary Products</b>	<b>4.862</b>	<b>14,2</b>	<b>5.312</b>	<b>11,6</b>	<b>7.671</b>	<b>10,7</b>	<b>5,22</b>
<i>of which</i>							
Agricultural prod.	4.222	<b>12,3</b>	4.571	<b>10,0</b>	6.318	<b>8,8</b>	<b>9,20</b>
Energy	182	<b>0,5</b>	247	<b>0,5</b>	461	<b>0,6</b>	<b>0,98</b>
<b>Manuf. Products</b>	<b>28.781</b>	<b>84,0</b>	<b>38.820</b>	<b>84,7</b>	<b>51.359</b>	<b>71,5</b>	<b>6,44</b>
<i>of which</i>							
Machinery	10.920	<b>31,9</b>	16.341	<b>35,7</b>	17.024	<b>23,7</b>	<b>7,45</b>
Chemicals	4.659	<b>13,6</b>	6.341	<b>13,8</b>	10.688	<b>14,9</b>	<b>5,88</b>
Transport equipm.	3.693	<b>10,8</b>	4.970	<b>10,8</b>	8.087	<b>11,3</b>	<b>5,53</b>



### EU TRADE IN GOODS WITH RUSSIA (million euro)

	Exports	Imports	Balance
2000	22 738	63 777	-41 039
2001	31 602	65 875	-34 272
2002	34 420	64 493	-30 073
2003	37 206	70 663	-33 457
2004	46 030	83 954	-37 924
2005	56 880	112 613	-55 733
2006	<b>72 360</b>	<b>140 586</b>	<b>-68 226</b>



## Trade in Services:

<b>EU25 TRADE IN SERVICES* WITH RUSSIA (million euro)</b>									
	<b>Credit</b>			<b>Debit</b>			<b>Net</b>		
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Total</b>	<b>9 094</b>	<b>11 444</b>	<b>13 084</b>	<b>6 800</b>	<b>8 125</b>	<b>9 892</b>	<b>2 294</b>	<b>3 320</b>	<b>3 191</b>
of which:									
<i>Transportation</i>	2 324	2 899	3 116	2 708	3 486	4 610	-384	-587	-1 494
<i>Travel</i>	2 241	2 529	3 034	1 772	1 863	2 062	469	666	973
Other services	4 355	5 884	6 606	2 309	2 766	3 094	2 047	3 118	3 511
of which:									
<i>Communications services</i>	130	149	229	130	184	230	0	-35	-2
<i>Construction services</i>	622	810	466	412	434	257	210	376	208
<i>Insurance services</i>	92	91	109	59	89	169	33	2	-60
<i>Financial services</i>	556	722	903	89	115	173	467	606	729
<i>Computer and information services</i>	310	500	679	32	39	59	278	461	620
<i>Royalties and license fees</i>	125	216	106	22	16	6	103	200	100
<i>Other business services</i>	2 362	3 138	3 844	1 440	1 756	2 063	922	1 381	1 782
<i>Personal, cultural and recreational services</i>	42	122	112	29	34	40	13	88	72
<i>Government services, other</i>	116	137	157	95	98	97	21	39	62
<b>Total extra-EU25</b>	<b>372 620</b>	<b>406 292</b>	<b>449 688</b>	<b>325 044</b>	<b>349 357</b>	<b>382 544</b>	<b>47 576</b>	<b>56 935</b>	<b>67 144</b>
<b>Russia / total extra-EU25</b>	<b>2.4%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>2.1%</b>	<b>2.3%</b>	<b>2.6%</b>			

\* 2006 data are preliminary

## Investments:

	EU-25 FDI stocks in Russia		Russian FDI stocks in EU-25	
	end-2004	end-2005	end-2004	end-2005
Millions of Euro	20 983	31 324	5 558	9 213

EU25 FDI flows with Russia (million euro)					
	2001	2002	2003	2004	2005
EU25 FDI in Russia (outward)	2 495	2 454	7 704	5 878	8 997
Russian FDI in the EU25 (inward)	752	342	704	196	4 107
Net EU25 FDI flows (outward minus inward)	1 743	2 112	7 000	5 682	4 890



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