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SAINT PETERSBURG STATE UNIVERSITY

SCHOOL OF MANAGEMENT

«APPROVED»
Program Director

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COMPENDIUM

«European Union-Russia Relations»

Program: Master of International Business (MIB)
Code of the course: According to program curriculum
Course status: Optional
Language of instruction: English

Professor:
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(Name and title)

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Topic 4. Lainela, S., Sutela P. European Union, Russia and TACIS.
BOFIT Online Paper. 2004. No. 2 ..............................................................35

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Tkachenko, Stanislav Regionalization of Russian Foreign and Security
Policy: The Case of St.Petersburg. Working Paper No. 21 of the Project
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Topic 6. Frellesen, Thomas. European Union-Russia Relations after Enlargement:
Developing Common Spaces in a Wider Europe. In: Ed. by Konstantin
Khudoley. Russia-European Union Partnership after the Enlargement:
Strategic vision and day-to-day implementation. Saint-Petersburg University Press, 2004. P. 7-15 .......................................................... 37


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Topic 8. Sulamaa, P., Widgern, M. Economic Effects of Free Trade between the EU and Russia ............................................................... 62


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Brussels, 2002. CEPS Policy Brief. No. 15 ................................................................. 90

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COURSE ABSTRACT

The course «European Union – Russia Relations» is aimed to provide students with the complex nature of relations of Russia’s largest economic and political partner in world arena. It covers history of EU-Soviet and EU-Russia relations and current state of affairs. Students will study the process of decision-making in economic policy of Russian Federation on the federal level (President, Parliament and Government), regional level (Administrations of Russian regions, involved into relations with European Union) as well as on the level of leading “national champions” in development of cooperation with European Union in trade, investments, environment, culture, cross-border and other areas. Seminars will provide students an opportunity to work with legal documents of both Russian Federation and European Union, regulating all aspects of their relations. All topics of lectures and seminars are analysed from political and economic points of view in order to show how different approaches for studying EU-Russia relations may help students to have better understanding of complex and quickly changing nature of bilateral relations.
ORGANIZATION OF THE COURSE

The aim of the course is to provide students with the understanding of diverse nature of relations of Russian Federation and European Union, that is:

- to look into basic stages of development of EU-Russia relations, foreign policy thinking, conduct and determine the main goals of these relations for both sides.
- to identify long-term interests and short-term goals in EU-Russia relations for each side.
- to analyse the basic documents guiding EU-Russia relations and the key institutions of cooperation, created on their bases, as well as on national/Community level by each side
- to determine how adequate are the existing provisions and structures to the interests of the European Union, its Member States as well as for Russian Federation.
- to forecast the future of the EU-Russia political and economic relations.
2. COURSE CONTENT

2.1. Description of course topics

All the topics covered within the course are arranged into three parts.

Part I. Introduction: Historical Perspective on EU-Russian Federation Relations.

Topic 1. Relations of European Economic Community and Soviet Union
Integration in Western Europe and in area of USSR domination: different models and outcomes.
First contacts of EEC and USSR. Establishment of official relations and December 1989 Agreement. Disintegration of USSR and its impact on European economic relations with countries of Eastern Europe.

Topic 2. Establishment of EU-Russia Relations: intentions of both sides and immediate impact on bilateral economic relations

Seminar 2: Analysis of the Partnership and Co-operation Agreement from Russian and European perspectives. Comparison of the PCA with Russia and European Agreement with Poland.

Topic 4. EU-Russia Relations in 1990s. Trade and Investments. TACIS and TEMPUS Programmes.
Developments in Russian politics from European point of view. TACIS – programme of technical assistance. Set-up, goals and structure. A need for reform of TACIS in late 1990s. Effect of EU assistance programs for Russian economy. Structure of Russian export to EU and import from EU.
Seminar 3: Comparative Analysis of two strategies of 1999: The EU’s strategy – a search for a new instrument in the external relations and divergence among the member-states on the relations with Russia Russia’s Mid-term Strategy.

Part II. Key aspects of EU-Russia Relations (since 2000).

Topic 5. EU-Russia political and economic relations since 2000. Interregional and cross-border co-operation.
Second “wave” of Russian reforms since 2000. Changes in foreign policy strategy since adoption of Foreign Policy Concept of the Russian Federation (June 28, 2000). Economization of Russian
foreign policy. Russia’s interest in the dialogue with the European Union. Federal institutions and regions in EU-Russia relations.

Seminar 4: Leading think-tanks on studies of EU – Russia relations: comparative analysis of their areas of interests and attitudes towards future of bilateral relations.

**Topic 6. European Union’s enlargement of May 2004 and January 2007 and its impact on relations with Russian Federation.**

Economic dimension of enlargement: impact on trade, access to markets, investment opportunities. Political dimension of the enlargement: growth of conflicts in EU-Russia relations since May 2004.

**Topic 7. Problems of signing new EU-Russia Agreement instead of PCA of 1994.**

Russia-EU economic and political relations: multilateral architecture of world economic and political system. Complex nature of the European Union from Russian point of view: “Old Europe” versus “New Europe”. Conflicts with Poland and Baltic States as obstacles for changing legal foundations of EU-Russia Relations. US factor in EU-Russia relations.

Seminar 5: EU-Russia Summit in Lahti, Finland (October 2006): comparative analysis of EU’s and Russia’s positions.

**Part III. EU-Russia cooperation in different sectors. Prospects for future cooperation.**

This part builds a link between discussed above topics and problematic issues in contemporary EU-Russia relations in different areas of economic and social co-operation.

**Topic 8. EU-Russia Trade: structure and trends.**

Structure of EU-Russian trade in goods and services. Russian economy’s status as market economy. WTO accession’s negotiations and position of European Union. Antidumping procedures in EU-Russia trade. Common Market or WTO+ Model?

**Topic 9. Cooperation in the energy sector. The Russia-EU Energy Dialogue.**


**Topic 10. EU-Russia Transport Co-operation: main areas and key challenges.** Transport policy of the European Union in historical perspective. Transport infrastructure between EU and Russia. Railway roads, high-ways, waterways. Access to airports and air routs over Russia for European air companies. Trans-European Networks and Russian Federation.

Seminar 7: Transport conflicts between European Union and Russia and prospects for their solving.
Topic 11. The Concept of the Four Common Spaces as an effort to restructure all the relations. The concept of the Common European Economic Space. The Concept Paper of 2003. The Four spaces between European Union and Russia – an effort to give new start to bilateral relations. The experience of European Economic Area. The content of the Roadmap on common economic space.

Topic 12. The Northern Dimension and the European Neighborhood Policy.
The Northern Dimension Initiative of European Union: historical reasons and role in inside-EU bargaining. The European Neighborhood Policy. The strategy and institutional framework. Differentiation and singularity. The role of Russian Federation in the ENP.

Topic 13. EU-Russia humanitarian co-operation. EU-Russian co-operation in the fields of science, culture and education. Promotion of joint research and wider cultural co-operation. Role of governments and NGO sector in area of humanitarian co-operation. Russia’s participation in EU-funded humanitarian and educational programs. The Roadmap on co-operation on common space of research, education and culture.


Topic 15. What Future for EU-Russia Relations? Final lecture-seminar of the course.
Students will present their research papers on prospects of EU-Russia relations.
EVALUATION SYSTEM

Current evaluation

Current student’s work is be assessed through the mid-term test. Mid-term test is held as a written test. It covers the main historical and economic approaches studied during the first part of the course (before the date of the test). It is usually scheduled at the very end of October – very beginning of November.

Final evaluation (exam)

Total student’s work for the course is be assessed in different aspects: homework (student presentations) and knowledge of course topics (mid-term test and exam). Final exam, as well as mid-term test, is held as a written test. It covers all course issues and materials.

4.3. Grading system

The final assessment for the course is composed as follows:
- Final exam – 60%
- Presentation – 20%
- Mid-term test – 20%

4.4. Sample of exam assignment

List of potential test questions for the course

The questions are arranged along the course topics.
Mid-term and exam tests can be prepared based on these questions, combining them in any way.

Questions for mid-term and final exams

1. Western European and Soviet economies after the Second World Wars.
2. Economic aims of the European Economic Community: articles 2 and 3 of the Rome Treaty: analysis.
6. The key characteristics of the Custom Union in the EEC.
9. Economic and Monetary Union – key characteristics and peculiarities of the European Union.
10. Unification of Germany and European integration: how these events are interrelating?
11. The heritage of EEC-Soviet relations before 1990s.
12. Decision-making bodies in Russian foreign policy.
14. Russian institutional structure for EU-Russia co-operation.
15. National interests of Russian Federation (Foreign Policy Concept) and role of foreign policy in promotion of these interests.
16. The external relations of European Union and institutions of the EU.
17. The EU’s interests in relations with Russian Federation.
19. The PCA as evidence of transformation of Russian political and economic systems: general overview and impact for development of EU-Russia relations.
20. The comparison of the TACIS and PHARE programmes.
21. PCA and TACIS – comparative analysis.
23. Presidential elections of 2000 in Russia and impact for EU-Russia relations.
24. How effective is Russian policy of bilateral relations with largest EU member states compared to Russia’s relations with EU institutions?
25. The European Union and Russia’s competition in Ukraine and Belarus.
26. The European Union and Russia’s competition in the Caucasus.
27. The European Union and Russia’s competition in Central Asia.
31. The EU and Russian vision of the future of the Energy Dialogue.
33. The European Union Neighbourhood Policy and Russian Federation.
35. The concept of the Common European Economic Space.
36. What is the legacy of economic co-operation in the Roadmap on Common Economic Space?
37. What are the prospects of development of the common economic space between Russia and the EU?
38. Legal harmonization: the issue, the interests, prospects.
39. What is the legacy of co-operation in the field of freedom, security and justice in the Roadmap on the common space in freedom, security and justice?
   What is the future of the common space in freedom, security and justice?
40. What is the legacy of co-operation in the field of external security in the Roadmap on common space in external security?
41. What is the future of common space in external security?
42. What is the legacy of co-operation in the field of culture, education and science in the Roadmap devoted to these areas?
43. What is the future of the common space in the field of culture, education and science?
44. What is the potential influence of the Constitutional stalemate in the European Union?
46. Integration in Western Europe and in USSR sphere of influence: comparative analysis.
47. Disintegration of USSR: economic reasons and influence for Western Europe.
48. Velvet revolutions in Eastern Europe and “sovereignization of Eastern Europe”: what was the role of Mikhail Gorbachev’s New Political Thinking?
49. Economic reforms in Russia during Yegor Gaidar’s tenure as Acting Prime Minister: influence of reforms in Eastern Europe.
51. Russian Constitution of December 1993: what type of political and economic regime was established in Russia?
52. Competitive sectors of post-Soviet industry in Russia and trade with EU: the case of metallurgy, enriched uranium, chemical products.
53. Effect of EU technical assistance programs for Russian economy.
55. Second wave of reforms in Russia since 2000: the impact for EU-Russia economic relations
56. If there is an economization of Russian foreign policy?
57. Paradiplomacy of Russian regions: Federal institutions and regions in EU-Russia relations.
58. Political consequences of the EU enlargements of 2004 and 2007.
59. If there are “Old Europe” and “New Europe” for Russian foreign policy towards the EU?
60. Antidumping procedures in EU-Russia trade: why and how dangerous for current economic relations?

61. Russian investments into EU economy: geography, sectors of economy and obstacles.

62. European investments into Russian economy: geography, sectors of economy and obstacles.

63. Russian accession to WTO and position of European Union on negotiations.

64. Geography of energy supply to European Union: oil, natural gas, coal.

65. What are the main problems of transit of Russia’s energy to EU markets?

66. Transport infrastructure between EU and Russia: geography and impact for EU-Russian trade.

67. Trans-European Networks and Russian Federation.

68. How The Bologna Process can change Russian economy and society?

69. Unique history of the Kaliningrad region for EU-Russia relations.

70. Current socio-economic situation in Kaliningrad region.

71. Role of visa-free regime for future of EU-Russia relations.
Calendar Organization Plan

Class 1.

**Topic 1. Relations of European Economic Community and Soviet Union** (4 hours).
Lecture on integration in Western Europe and in area of USSR domination after the Second World War: different models of integration and outcomes. First contacts of EEC and USSR. Establishment of official relations and December 1989 Agreement. Disintegration of USSR and its impact on European economic relations with countries of Eastern Europe.

*Seminar 1*: Analysis of EEC-USSR Agreement of 1989. (1 hour)
- What was international situation in late 1980s?
- What do you know about “velvet revolutions” in Central Europe and “Perestroika” of Mikhail Gorbachev in USSR? Do you think that they were driven by political or economic factors? Provide arguments for your answer.


Class 2.

**Seminar** on Analysis of EEC-USSR Agreement of 1989. (2 hours)

**Topic 2. Establishment of EU-Russia Relations.** (2 hours.)
Lecture on intentions of both sides to develop political and economic relations, and immediate impact of that for bilateral economic co-operation.

*Class discussion*:
- Evolution of Russian foreign policy since 1991 and the role of “European Choice” in Russia’s search for partners in international arena
- What was the role of assistance programs of the European Union for initial stage of reforms in Russia

*Readings*:
Class 3.


Lecture on negotiation process and analysis of text of PCA.

Class discussion:
- Did European Union determine the agenda of the PCA?
- To what extent PCA was profitable for Russian Federation?

Seminar 2: Analysis of the Partnership and Co-operation Agreement from Russian and European perspectives. Comparison of the PCA with Russia and European Agreement with Poland. (1 hour).

Readings:
- Agreement on Partnership and Co-operation, Establishing a Partnership between the European Communities and their Member States on the one part, and the Russian Federation, on the other part. 27 November 1997;

Seminar on analysis of the text of the Agreement and Interim Agreement of 1995. (2 hours)

Class 4.

Topic 4. EU-Russia Relations in 1990s. Trade and Investments. TACIS and TEMPUS Programmes. (3 hours)

Lecture on the different areas of EU-Russia co-operation in 1990s. The role of the EU in establishment of democracy and market economy in Russia.

Class discussion:
- Set-up, goals and structure of TACIS Programme.
- The reform of TACIS in 1999.
- Is TACIS different from the PHARE programme.

Seminar 3: Comparative Analysis of two strategies of 1999: The EU’s strategy – a search for a new instrument in the external relations and divergence among the member-states on the relations with Russia Russia’s Mid-term Strategy. (1 hour)

Readings:
o The Russian Federation Middle Term Strategy Towards the European Union (2000-2010).


**Class 5.**

**Part II. Key aspects of EU-Russia Relations (since 2000).**

**Topic 5. EU-Russia political and economic relations since 2000. Interregional and cross-border co-operation.** (3 hours)

*Lecture on* the second “wave” of Russian reforms since 2000. Changes in foreign policy strategy since adoption of Foreign Policy Concept of the Russian Federation (June 28, 2000). Economization of Russian foreign policy. Russia’s interest in the dialogue with the European Union. Federal institutions and regions in EU-Russia relations.

*Class discussion:*

o Institutional structure of EU-Russia relations: the changing role of the Permanent Representation to the European Communities.

o The enlargement of 2004: if the EU has become a more difficult partner for Russia?

Seminar 4: Leading think-tanks on studies of EU – Russia relations: comparative analysis of their areas of interests and attitudes towards future of bilateral relations. (1 hour)

*Readings:*


Class 6.
Topic 6. European Union’s enlargement of May 2004 and January 2007 and its impact on relations with Russian Federation. (2 hours)

Economic dimension of enlargement: impact on trade, access to markets, investment opportunities. Political dimension of the enlargement: growth of conflicts in EU-Russia relations since May 2004.

Class discussion:
- The reasons behind the enlargement policy of the European Union.
- The perceptions of the old member-states and the strive of the new member-states to find their role in the EU’s external relations.
- Relations of Russian Federation with new member-states of the European Union.

Readings:

Lecture on Russia-EU economic and political relations: multilateral architecture of world economic and political system. Complex nature of the European Union from Russian point of view: “Old Europe” versus “New Europe”. Conflicts with Poland and Baltic States as obstacles for changing legal foundations of EU-Russia Relations. US factor in EU-Russia relations.

Class discussion:
- Is the PCA out-of-dated document? Why? What has changed in European and Russian economies since 1994?
- Why position of Poland is so important for European Union in the starting new negotiations with Russian Federation? Does it confirm the intergovernmental nature of the European Union, or it is still supranational IGO?

Seminar 5 on EU-Russia Summit in Lahti, Finland (October 2006): comparative analysis of EU’s and Russia’s positions. (1 hour)

Readings:

Class 7.

Part III. EU-Russia cooperation in different sectors. Prospects for future cooperation.

Class 8. Topic 8. EU-Russia Trade: structure and trends. (2 hours)
Lecture on structure of EU-Russian trade in goods and services. Russian economy’s status as market economy. WTO accession’s negotiations and position of European Union. Antidumping procedures in EU-Russia trade. Common Market or WTO+ Model?

Class discussion:
- If there is a progress or stagnation in EU-Russia trade?
- Why Russia is trying to change structure of its trade with European Union?
- Why WTO membership is so important for development of EU-Russia trade?

Readings:


Mid-term attestation test. (2 hours)

Class 8.

Topic 9. Cooperation in the energy sector. The Russia-EU Energy Dialogue. (2 hours)


Class discussion:

- What are differences in EU’s and Russia’s vision of future of the Energy Dialogue?
- Is Russia an energy superpower? Is it too dangerous for European business?

Seminar 6. Problems of transit of Russia’s energy to EU markets and Transit Protocol of the Energy Charter (European and Russian points of view). (2 hours)

Readings:


Class 9.

Topic 10. EU-Russia Transport Co-operation: main areas and key challenges. (1 hour)
Lecture on transport policy of the European Union in historical perspective; transport infrastructure between EU and Russia: Railway roads, high-ways, waterways. Access to airports and air routs over Russia for European air companies. Trans-European Networks and Russian Federation.

Class discussion:

- Should Russia co-operate or compete with European Union in transport sector?
- Is it possible to have EU-Russia free trade zone without integration of transport systems?
- Should Russia sell its oil to world market only via Russian sea-port terminals?

Seminar 7: Transport conflicts between European Union and Russia and prospects for their solving. (1 hour)

Readings:


**Topic 11. The Concept of the Four Common Spaces as an effort to restructure all the relations.** (2 hour)


Class discussion: Is it possible to change pattern of EU-Russia relations via the Concept of the Four Common Spaces?

Readings (details of readings – provided in the Section 5.1.):


Class 10.

**Topic 12. The Northern Dimension and the European Neighborhood Policy.** (1 hrs)
Lecture on The Northern Dimension Initiative of the European Union: historical reasons and role in inside-EU bargaining. The European Neighborhood Policy. The strategy and institutional framework. Differentiation and singularity. The role of Russian Federation in the ENP.

Class discussion: What is the role of Russian Federation in the Northern Dimension Initiative and in the European Neighborhood Policy?

Readings:


Topic 13. EU-Russia humanitarian co-operation. (1 hour)

Lecture on EU-Russian co-operation in the fields of science, culture and education. Promotion of joint research and wider cultural co-operation. Role of governments and NGO sector in area of humanitarian co-operation. Russia’s participation in EU-funded humanitarian and educational programs. The Roadmap on co-operation on common space of research, education and culture.

Class discussion: What is the legacy of co-operation in the field of culture, education and science in the EU-Russia relations?

Seminar 8: The Bologna Process and Russian Federation: economic and cultural aspects for Russia. (1 hour)

Readings:


**Topic 14. Economic Prospects for the Kaliningrad region.** (1 hour)

Lecture on history of the region: Unique location of Kaliningrad region and problem of access to mainland Russia. Socio-economic development of Kaliningrad region since 1991. Idea of “Pilot region” in EU-Russia relations. Current economic situation and prospects of transformation into free economic zone or into Russian “Hong Kong”.

*Class discussion:* Is Kaliningrad region a threat or an opportunity for EU-Russia Relations?

*Readings:*


**Class 11.**

**Topic 15. What Future for EU-Russia Relations?** (4 hours)

Final lecture-seminar of the course. Students will present their research papers on prospects of EU-Russia relations in different economic sectors or policy areas.
Course Content and Required Readings:

Part I. Introduction.

Topic 1. Relations of European Economic Community and Soviet Union

- Text of the EEC-USSR Agreement of 1989 –
  lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21990A0315(01):EN:HTML

Agreement between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on trade and commercial and economic cooperation - Declaration by the USSR - Joint Declaration

Official Journal L 068 , 15/03/1990 P. 0002 - 0017

AGREEMENT between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on trade and commercial and economic cooperation
THE EUROPEAN ECONOMIC COMMUNITY, and
The EUROPEAN ATOMIC ENERGY COMMUNITY,
hereinafter together called 'the Community', of the one part, and

THE UNION OF SOVIET SOCIALIST REPUBLICS,
hereinafter called 'the USSR', of the other part,

RECOGNIZING that the Community and the USSR desire to establish direct contractual relations with one another which will permit further development at a later stage,
CONSIDERING that the development of relations between the Contracting Parties will complement and extend bilateral relations between the Community's Member States and the USSR,
HAVING REGARD to the importance of giving full effect to the Final Act of the Conference on Security and Cooperation in Europe and the Concluding Documents of subsequent meetings of the CSCE participating States,
DESIROUS of creating favourable conditions for the harmonious development and diversification of trade and the promotion of commercial and economic cooperation in areas of mutual interest on the basis of equality, mutual benefit and reciprocity,
BELIEVING that the volume and structure of trade between the Contracting Parties do not correspond to the potential represented by their current levels of economic development and their future prospects,
TAKING INTO ACCOUNT the favourable implications for trade and economic relations between the Contracting Parties of the economic restructuring under way in the USSR,
RECALLING the Joint Declaration on the establishment of official relations between the Council for Mutual Economic Assistance and the European Economic Community,

HAVE DECIDED to conclude an Agreement on trade and commercial and economic cooperation between the European Economic Community and the European Atomic Energy Community, of the one part, and the Union of Soviet Socialist Republics, of the other part, and to this end have designated as their Plenipotentiaries:
THE EUROPEAN ECONOMIC COMMUNITY:
Roland DUMAS, Ministre d'Etat,
Minister for Foreign Affairs of the French Republic,
President-in-Office of the Council of the European Communities;
Frans ANDRIESSEN, Vice-President of the Commission of the European Communities;
THE EUROPEAN ATOMIC ENERGY COMMUNITY:
Frans ANDRIESSEN,
Vice-President of the Commission of the European Communities;

THE UNION OF SOVIET SOCIALIST REPUBLICS
Eduard SHEVARDNADZE,
Minister for Foreign Affairs of the Union of Soviet Socialist Republics;

WHO, having exchanged their full powers, found in good and due form,
HAVE AGREED AS FOLLOWS

TITLE I
General
Article 1
Within the framework of their respective laws and regulations, the Contracting Parties shall use
their best endeavours to facilitate and promote
- the harmonious development and diversification of their trade, and
- the development of various types of commercial and economic cooperation.
To that end, they confirm their resolve to consider favourably, each for its own part, suggestions
made by the other Party with a view to attaining these objectives.

TITLE II
Trade and commercial cooperation
Article 2
1. This Agreement shall apply to trade in all goods originating in the Community or in the
USSR, with the exception of the products covered by the Treaty establishing the European Coal
and Steel Community.
2. This Agreement shall not affect the provisions of the Agreement between the European
Economic Community and the USSR on trade in textile products initialled on 11 December 1989
and applied provisionally as from 1 January 1990, nor the provisions of any exchange of letters,
any other arrangements concluded in connection therewith and any agreements on trade in textile
products subsequently concluded, for the period of application of these provisions.
Article 3
1. The Contracting Parties shall accord to one another most-favoured-nation treatment in all
areas in respect of:
- customs duties and charges applied to imports and exports, including the method of collecting
such duties and charges,
- provisions relating to customs clearance, transit, warehouses and transhipment,
- taxes and other internal charges of any kind applied directly or indirectly to imported goods,
- methods of payment and the transfer of such payments,
- the rules relating to the sale, purchase, transport, distribution and use of goods on the domestic
market.
2. The provisions of paragraph 1 shall not apply to:
(a) advantages granted with the aim of creating a customs union or a free-trade area or pursuant
to the creation of such a union or area;
(b) advantages granted to particular countries in accordance with the General Agreement on Tariffs and Trade and with other international arrangements in favour of developing countries;
(c) advantages granted to neighbouring countries to facilitate frontier-zone trade.

Article 4
The Contracting Parties undertake to allow relief from duties, taxes and other charges, and to grant licences in respect of goods temporarily remaining in their territories for re-exportation either in the unaltered state or after inward processing.

Article 5
The USSR shall grant imports of products originating in the Community non-discriminatory treatment as regards the application of quantitative restrictions, the granting of licences and the allocation of the currency needed to pay for such imports.

Article 6
Unless otherwise specified in this Agreement, trade and other commercial cooperation between the Contracting Parties shall be conducted in accordance with their respective regulations.

Article 7
Without prejudice to the provisions of Article 5, each Contracting Party shall accord the highest possible degree of liberalization to imports of the other's products. The process of liberalization shall take account of the development of trade between the Contracting Parties, market conditions, changes in the rules concerning trade in the Community or in the USSR and progress made in implementing the Agreement.

Article 8
To this end the Community undertakes:
- to make efforts to ensure progress towards the progressive abolition of 'specific quantitative restrictions', namely those quantitative restrictions applied to imports originating in the USSR under Regulation (EEC) No 3420/83 which concern products other than those to which quantitative restrictions are applied under Regulation (EEC) No 288/82,
- to eliminate, within one year of the entry into force of this Agreement, quantitative restrictions on imports into those regions of the Community and of those products listed in Annex I,
- to suspend, within one year of the entry into force of this Agreement, the application of quantitative restrictions on imports into those regions of the Community and of those products listed in Annex II on the terms and conditions specified therein.

Article 9
As regards the specific quantitative restrictions not contained in Annexes I and II, the Contracting Parties shall examine, before 30 June 1992, in the framework of the joint committee referred to in Article 22, the further changes which can be made in the then existing import arrangements. The changes to be considered may include any of the following measures:
- liberalization,
- liberalization with surveillance of imports,
- adoption of appropriate measures by the USSR such as the issue of export licences or certificates to ensure that exports to the Community remain within specified levels,
- measures that may be required to adapt existing Community import arrangements.

Article 10
1. For each calendar year, the Community shall open import quotas for products which are of interest for the USSR and which are subject to quantitative restrictions.
2. The Contracting Parties shall hold consultations each year in the joint committee provided for in Article 22 to determine what increases can be made in the quotas referred to in paragraph 1 and whether quotas can be opened for other products for the following year.

Article 11

1. The Community undertakes to abolish by 31 December 1995 at the latest the remaining specific quantitative restrictions with the exception of those concerning a limited number of products which might be deemed sensitive at that time.

2. The joint committee set up pursuant to Article 22 shall, during its meeting in 1995, draw up the arrangements which shall apply for a prescribed period after 31 December 1995 to the imports of the sensitive products referred to in paragraph 1.

Article 12

Imports into the Community of products covered by this Agreement shall not be charged against the quotas referred to in Article 10 where they are declared as being intended for re-export and are actually re-exported from the Community either in the unaltered state or after inward processing, under the administrative control arrangements in force in the Community.

Article 13

The Parties shall inform one another of any changes in their tariff or statistical nomenclature or of any decision taken in accordance with the procedures in force concerning the classification of products covered by this Agreement.

Article 14

Goods shall be treated between the Contracting Parties at market-related prices.

Article 15

1. The Contracting Parties shall try to avoid conflict situations requiring safeguard measures in mutual trade. If problems nevertheless arise in trade between the Contracting Parties, the Parties shall open consultations not later than 30 days after the submission by one of them of an appropriate request within the framework of the joint committee set up in accordance with Article 22. Such consultations will aim at seeking mutually satisfactory solutions to these problems. Each Contracting Party will ensure that, except in critical circumstances, as defined in paragraph 4, no action is taken before consultations are held.

2. In particular, the provisions of paragraph 1 shall apply if any product is being imported into the territory of one of the Contracting Parties in such increased quantities or under such conditions as to cause, or threaten to cause, injury to domestic producers of like or directly competitive products. In this case, the Contracting Party requesting the consultations shall provide the other Party with all the information required for a detailed examination of the situation.

3. If, as a result of the consultations, the Contracting Parties do not reach agreement on actions to avoid the situation, the Party which requested consultations shall be free to restrict the imports of the products concerned to the extent and for such time as is necessary to prevent or remedy the injury. The other Contracting Party shall then be free to deviate from its obligations towards the first Party in respect of substantially equivalent trade.

4. In critical circumstances where delay would cause damage difficult to repair, the Contracting Parties may take safeguard actions provisionally before the consultations, on the condition that consultations shall be effected immediately after taking such action.

5. In the selection of measures under this Article, the Contracting Parties shall give priority to those which cause least disturbance to the achievement of the aims of this Agreement.

Article 16
1. This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, law and order or public security, the protection of life and health of humans, animals or plants, the protection of industrial, commercial and intellectual property, or rules relating to gold or silver or imposed for the protection of national treasures of artistic, historic or archaeological value.

Such prohibitions and restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

2. This Agreement shall not preclude the taking of action justified on grounds of protection of essential security interests:

(i) relating to fissionable materials or the materials from which they are derived;

(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

(iii) taken in time of war or other emergency in international relations.

TITLE III
Commercial and economic cooperation

Article 17

1. The Contracting Parties shall make every effort to promote, expand and diversify their trade. The joint committee set up by Article 22 shall attach special importance to ways of encouraging the reciprocal and harmonious expansion of trade.

2. The Contracting Parties undertake to facilitate exchange of commercial and economic information on all matters which would assist the development of trade and economic cooperation.

To this end, the Contracting Parties agree to ensure the publication of comprehensive data on commercial and financial issues, including production, consumption and foreign trade statistics.

3. The Contracting Parties undertake to facilitate cooperation between their respective customs services, in particular in the following areas:

- vocational training,

- simplification of customs documentation and procedures, and

- within the limits of their respective competences, administrative cooperation in order to prevent and detect infringements of the rules on customs matters, including the rules governing application of import quotas.

4. The Contracting Parties, within the limits of their respective powers, undertake to facilitate their trade and economic cooperation, inter alia, by the following:

- encouraging trade promotion activities in favour of their enterprises, including advertising, consulting, factoring and other business services,

- providing natural and legal persons of the other Party with guarantees of their individual and property rights, including non-discriminatory access for that purpose to courts and appropriate administrative bodies of the Community and the USSR,

- encouraging contacts between business associations of the Community and the USSR.

5. The Contracting Parties will encourage forms of trade compatible with the efficient conduct of international business relations and will also encourage business partners to decide independently upon their trading patterns.

The Contracting Parties therefore agree that counter-trade practices should be regarded as temporary and exceptional.
They further agree not to compel companies established in the Community or in the USSR to engage in such trade practices. Nevertheless, where firms or companies decide to resort to counter-trade operations, the Contracting Parties will encourage them to furnish all relevant information to facilitate the transaction.

6. In furtherance of the aims of this Article, the Contracting Parties agree to maintain and improve favourable business regulations, facilities and practices for each other's firms or companies on their respective markets, inter alia as indicated in Annex III.

Article 18
Within the limits of their respective powers, the Contracting Parties:
- shall encourage the adoption of arbitration for the settlement of disputes arising out of commercial and cooperation transactions concluded by firms, enterprises and economic organizations of the Community and those of the USSR,
- agree that where a dispute is submitted to arbitration, each party to the dispute may, except where the rules of the arbitration centre chosen by the parties provide otherwise, choose its own arbitrator, irrespective of his nationality, and that the presiding third arbitrator or the sole arbitrator may be a citizen of a third State,
- will recommend their economic operators to choose by mutual consent the law applicable to their contracts,
- shall encourage recourse to the arbitration rules elaborated by the United Nations Commission on International Trade Law (Uncitral) and to arbitration by any centre of a State signatory to the Convention on Recognition and Enforcement of Foreign Arbitral Awards done at New York on 10 June 1958.

Article 19
Within the limits of their respective powers, the Contracting Parties undertake to:
- ensure adequate protection and enforcement of industrial, commercial and intellectual property rights,
- ensure that their international commitments in the field of industrial, commercial and intellectual property rights are honoured,
- encourage appropriate arrangements between undertakings and institutions within the Community and the USSR with a view to due protection of industrial, commercial and intellectual property rights.

TITLE IV
Economic cooperation

Article 20
1. In the light of their respective economic policies and objectives, the Contracting Parties shall foster economic cooperation on as broad a base as possible in all fields deemed to be in their mutual interest.

Such cooperation shall be aimed in particular at:
- strengthening and diversifying economic links between the Contracting Parties, taking into consideration the complementarity of their economies,
- contributing to the development of their respective economies and standards of living,
- opening up new sources of supply and new markets,
- encouraging cooperation between economic operators, with a view to promoting investment and joint ventures, licensing agreements and other forms of industrial cooperation to develop their respective industries,
- encouraging participation of small and medium-sized enterprises in trade and co-operation
- encouraging environmentally sound policies,
- encouraging scientific and technological progress.

2. In order to achieve these objectives, the Contracting Parties shall encourage economic cooperation in areas of mutual interest, in particular in the following areas:
- statistics,
- standardization,
- industry,
- raw materials and mining,
- agriculture, including the food-processing industries,
- environmental protection and the management of natural resources,
- energy, including nuclear energy and nuclear safety (physical safety and radiation protection),
- science and technology in areas in which the Contracting Parties are active and which they consider to be of mutual interest, including nuclear research,
- economic, monetary, banking, insurance and other financial services,
- transport, tourism and other service activities,
- management and vocational training.

3. To give effect to the objectives of economic cooperation and within the limits of their respective powers and in accordance with their respective laws and policies, the Contracting Parties shall encourage the adoption of measures aimed at creating favourable conditions for economic and industrial cooperation, in particular by:
- facilitating exchanges and contacts between persons and delegations representing commercial, economic, business or other appropriate organizations,
- encouraging and facilitating trade promotion activities, such as the organization of seminars, fairs and exhibitions,
- facilitating the conduct of market research and other marketing activities on their respective territories,
- promoting activities involving the provision of technical expertise in appropriate areas,
- promoting the exchange of information and contacts on scientific subjects of mutual interest,
- fostering a favourable climate for investment, joint ventures and licensing arrangements, notably by the extension by the Community Member States and the USSR of arrangements for investment promotion and protection, in particular for the transfer of profits and repatriation of invested capital, on the basis of the principles of non-discrimination and reciprocity.

Article 21
Without prejudice to the relevant provisions of the Treaties establishing the European Communities, this Agreement and any action taken thereunder shall in no way affect the powers of the Member States of the Community to undertake bilateral activities with the USSR in the field of economic cooperation and to conclude, where appropriate, new economic cooperation agreements with the USSR.

TITLE V
Joint committee

Article 22
1. (a) A joint committee shall be set up comprising representatives of the Community, on the one hand, and representatives of the USSR, on the other.

(b) The joint committee shall formulate recommendations by mutual consent.

(c) The joint committee shall, as necessary, adopt its own rules of procedure and programme of work.

(d) The joint committee shall meet once a year in Brussels and Moscow alternately. Special meetings may be convened by mutual agreement, at the request of either Contracting Party. The office of chairman of the joint committee shall be held alternately by each of the Contracting Parties. Wherever possible, the agenda for meetings of the joint committee shall be agreed beforehand.

2. (a) The joint committee shall ensure the proper functioning of this Agreement and shall devise and recommend measures for achieving its objectives, keeping in view the economic and social policies of the Contracting Parties.

(b) The joint committee shall endeavour to find ways of encouraging the development of trade and commercial and economic cooperation between the Contracting Parties. In particular, it shall:

- examine the various aspects of trade between the Parties, notably its overall pattern, rate of growth, structure and diversification, the trade balance and the various forms of trade and trade promotion,
- make recommendations on any commercial or economic cooperation problem of mutual concern,
- seek appropriate means of avoiding possible difficulties in the fields of trade and cooperation and encourage various forms of commercial and economic cooperation in areas of mutual interest,
- consider measures likely to develop and diversify trade and economic cooperation, notably by improving import opportunities in the Community and in the USSR,
- exchange information on macro-economic plans and, where they exist, foreign trade plans and forecasts for the economies of the Parties which have an impact on trade and cooperation and, by extension, on the scope for developing complementarity between their respective economies and also on proposed economic development programmes,
- exchange information about amendments and developments in the laws, regulations and formalities of the Contracting Parties in the areas covered by this Agreement,
- seek methods of arranging and encouraging the exchange of information and contacts in matters relating to cooperation in the economic field between the Contracting Parties on a mutually advantageous basis, and work towards the creation of favourable conditions for such cooperation,
- examine favourably ways of improving conditions for the development of direct contacts between firms established in the Community and those established in the USSR,
- formulate and submit to the authorities of the Contracting Parties recommendations for solving any problems that arise, where appropriate by concluding arrangements or agreements.
- examine the situation with regard to the award of contracts for the supply of goods or services consequent upon international invitations to tender.

TITLE VI

General and final provisions

Article 23
Subject to the provisions concerning economic cooperation in Article 21, the provisions of this Agreement shall replace the provisions of the Agreements concluded between the Member States of the Community and the USSR, to the extent to which the latter provisions are either incompatible with, or identical to, the former.

Article 24
This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Economic Community and the European Atomic Energy Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the Union of Soviet Socialist Republics.

Article 25
1. This Agreement shall enter into force on the first day of the second month following the date on which the Contracting Parties have notified each other that the legal procedures necessary to this end have been completed. The Agreement shall be concluded for an initial period of 10 years. The Agreement shall be automatically renewed year by year provided that neither Contracting Party gives the other Party written notice of denunciation of the Agreement six months before it expires.

The Contracting Parties may expand and/or amend this Agreement or elaborate further on its specific provisions by mutual consent in order to take account of new developments.

The Annexes, the Joint Declaration and the exchange of letters attached to this Agreement shall form an integral part thereof.

Article 26
This Agreement shall be drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Russian languages, each text being equally authentic.

In witness whereof the undersigned Plenipotentiaries have affixed their signatures below this Agreement.

Done at Brussels on the eighteenth day of December in the year one thousand nine hundred and eighty-nine.

For the European Economic Community
For the European Atomic Energy Community
For the Union of Soviet Socialist Republics

ANNEX I
List of regions of the Community and products referred to in the second indent of Article 8

ANNEX II
List of regions of the Community and products referred to in the third indent of Article 8
The schemes for the suspension of quantitative restrictions referred to below have been established in order to permit the import of the products concerned without a quantitative limit on an experimental and temporary basis. Consequently, in particular instances, as a result of USSR exports to the regions of the Community concerned, market trends may make it necessary for the Community to discontinue this practice; in this event, the USSR will be informed to this effect immediately.

ANNEX III
Declaration by the USSR on the implementation of Article 17 (6)
Bearing in mind the provisions of the Final Act of the Conference on Security and Cooperation in Europe and the concluding documents of the subsequent meetings of the CSCE Participating States, and in the context of its economic reforms, the USSR, within the limits of its powers, undertakes, in order to facilitate commercial and economic cooperation and to encourage mutual trade, to take measures such as:

(a) facilitating the entry, stay and movement of Community businessmen in the USSR;
(b) facilitating direct access of Community businessmen to business contacts and end-users in the USSR;
(c) facilitating, on a non-discriminatory basis and on the basis of non-discriminatory prices, the establishment and operation of representative offices of Community firms in the USSR, including the renting of commercial premises and living space, the acquisition of equipment and transport facilities, access to telecommunications, utilities and social services;
(d) facilitating on a non-discriminatory basis the free recruitment of local staff required by such firms;
(e) not encouraging barter transactions by firms established in the USSR;
(f) centralizing licensing in the USSR within one competent State body in order to ensure the proper implementation of the provisions of Article 5.

Joint Declaration by the Community and the USSR concerning Article 23

It is understood that the Agreements concluded between the Member States of the Community and the USSR, referred to in Article 23, may include inter alia agreements on trade and navigation.
Topic 2. Establishment of EU-Russia Relations


At a ceremony held in Brussels on 17 July 1995 the Interim Agreement on trade and trade-related matters between the European Communities, of the one part, and the Russian Federation, of the other part, was signed

for the Community by:

Mr Javier SOLANA MADARIAGA Minister for Foreign Affairs of the Kingdom of Spain
President in Office of the Council

Mr Hans VAN DEN BROEK Member of the Commission

for Russia by:

Mr Andrei V. KOZYREV Minister for Foreign Affairs of the Russian Federation

In the speeches made at the signing, the Parties stressed the importance which they attach to developing relations between the European Union and Russia, as an essential factor for the stability of the continent of Europe.

The European Union reiterated its will to establish a substantial partnership with Russia. It paid tribute to the courageous efforts already made by Russia in pursuing the process of political reform and moving towards a market economy. The Union stressed the advantages for both parties of developing a close and mutually profitable partnership based on commitment to human rights, fundamental freedoms, the rule of law and democratic principles. In the light of the progress made in the Chechen crisis, the Union said that it was confident that a solution could be found that would fully respect those principles.

The Russian Minister stressed in his speech the importance of this Agreement in strengthening economic and trade relations between his country and the European Union, which could only advance the reform process in Russia. In that connection he spoke of the far-reaching changes which had taken place in Russia over the last few years, both on the political and economic fronts.

Pending completion of the ratification procedures for the Partnership and Cooperation Agreement, the Interim Agreement will allow the trade and trade-related aspects to be implemented swiftly. Specifically, the provisions concerning the general principles of the Agreement, trade in goods, current payments, competition and protection of intellectual, industrial and commercial property and the Protocol on mutual assistance between the administrative authorities on customs matters will be implemented.

The Interim Agreement is a major step forward preparing Russia to meet the deadlines contained in the Partnership and Cooperation Agreement and, in general, for full integration into the international economic institutions and in particular the World Trade Organization.

As regards trade the Parties will grant each other most-favoured-nation status. However, Russia may grant more advantageous treatment to the other Independent States of the former Soviet Union.

Quantitative restrictions are to be abolished on both sides, subject to the special arrangements for textiles and the iron and steel sector, for which specific agreements exist or are to be negotiated. Russia will not apply quantitative restrictions, although it will have the option of introducing them for a transitional period, for limited quantities and under certain conditions relating in
particular to the reasons for these restrictions (newly emerging industries, industries undergoing restructuring, or industries in serious difficulty).

For trade in nuclear materials, certain provisions of the 1989 Agreement (concluded with the former Soviet Union) will continue to apply; the Parties will negotiate a specific agreement for this sector by 1 January 1997.

A safeguard clause includes the principle of consultation. Appropriate measures may be taken without prior consultation in special emergency cases.

As regards current payments, each Party undertakes that imports will be paid in freely convertible currency. In the field of intellectual property Russia guarantees that, five years after the entry into force of the Agreement, it will provide a level of protection of intellectual, industrial and commercial property rights similar to that in the Community. On competition, the Agreement establishes a number of principles designed gradually to increase free and non-discriminatory competition.


Agreement on Partnership and Co-operation, Establishing a Partnership between the European Communities and their Member States on the one part, and the Russian Federation, on the other part. 27 November 1997

The agreement may be found at:

Class discussion:

- Did European Union determine the agenda of the PCA?
- To what extent PCA was profitable for Russian Federation?
Topic 4. EU-Russia Relations in 1990s. Trade and Investments. TACIS and TEMPUS Programmes.


Part II. Key aspects of EU-Russia Relations (since 2000).

Topic 5. EU-Russia political and economic relations since 2000. Interregional and cross-border co-operation.

Text of the Communication may be found at:

Internet address of the article is:

Topic 7. Problems of signing new EU-Russia Agreement instead of PCA of 1994


Topic 8. EU-Russia Trade: structure and trends

The text of the article can be found at:
**Topic 10. Cooperation in the energy sector. The Russia-EU Energy Dialogue**

Topic 11. EU-Russia Transport Co-operation: main areas and key challenges.


The text of the research paper can be found:
Topic 12. The Concept of the Four Common Spaces as an effort to restructure all the relations


Roadmap on Common Economic Space. Moscow, May 10, 2005
http://ec.europa.eu/external_relations/russia/summit_05_05/finalroadmaps.pdf
The text of the document can be found at:
Topic 14. EU-Russia humanitarian co-operation


The policy paper can be found at:
http://www.res.ethz.ch/kb/search/details.cfm?q89=tajikistan+and+the+EU&lng=en&ord89=byTitleAsc&id=26262

Text of the document can be found at:
http://europa.eu.int/comm/external_relations/russia/summit_11_02/js_kalin.htm
Optional reading

The “Basic and further readings” section lists the sources that are recommended for the students who would like either to review the topic or to read more on it. These readings are not compulsory, and the list is provided solely for students’ information.

Part I. Introduction.
The most complete selection of documents and analytical reports at the official web-site of the European Commission: http://ec.europa.eu/comm/external_relations/russia/intro/index.htm

Topic 1. Relations of European Economic Community and Soviet Union

Topic 2. Establishment of EU-Russia Relations: intentions of both sides and immediate impact on bilateral economic relations


Topic 4. EU-Russia Relations in 1990s. Trade and Investments. TACIS and TEMPUS Programmes.
- European Commission, The EU’s Relations with Russia: EU Assistance to Russia.


**Part II. Key aspects of EU-Russia Relations (since 2000).**

**Topic 5. EU-Russia political and economic relations since 2000. Interregional and cross-border co-operation.**


**Topic 6. European Union’s enlargement of May 2004 and January 2007 and its impact on relations with Russian Federation.**


**Topic 7. Problems of signing new EU-Russia Agreement instead of PCA of 1994**


Topic 8. EU-Russia Trade: structure and trends


Topic 10. EU-Russia Transport Co-operation: main areas and key challenges.


Topic 11. The Concept of the Four Common Spaces as an effort to restructure all the relations

**Topic 12. The Northern Dimension and the European Neighborhood Policy.**

**Topic 13. EU-Russia humanitarian co-operation**

**Topic 14. Economic Prospects for the Kaliningrad region.**

**Further readings concerning European Union-Russia relations in various areas:**
Affairs. 3/3, Moscow. P. 72-85.


