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**JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE
EUROPEAN COUNCIL AND THE COUNCIL**

on EU-Russia relations - Push back, constrain and engage

1. Introduction

The European Council on 24-25 May 2021 held a first strategic debate on Russia and condemned the illegal, provocative and disruptive Russian activities against the EU, its Member States and beyond. It reaffirmed the EU's unity and solidarity in the face of such acts as well as its support to Eastern partners. The European Council reaffirmed its commitment to the five principles governing EU policy vis-à-vis Russia¹ and set out that the EU will continue coordination with like-minded partners. It invited the High Representative and the Commission to present a report with policy options on EU-Russia relations, in line with the five principles, with a view to its meeting in June 2021.² The following Joint Communication responds to this invitation.

2. Political context

Russia is the EU's largest neighbour, and remains a force to be reckoned with in Europe and globally. This is largely based on its size and geographic reach, its readiness to project power internationally, and its political, diplomatic and strong military capacity. As a geopolitical player Russia aspires to retain its global standing in a power politics based, multipolar world, often in close liaison with other players such as China, rather than contributing and acting within a stronger, rules-based multilateral system. It tries to enforce its own geopolitical sphere of influence based mostly on a zero-sum logic. In doing so, the government often challenges and undermines international law, as well as the OSCE and Council of Europe key principles, to which it has committed and which structure security and cooperation on the European continent, including each country's right to freely determine its own foreign, security and domestic policy choices.

The Russian leadership uses a variety of instruments to influence, interfere in, weaken or even seek to destabilise the EU and its Member States, as well as the Western Balkans and Eastern Partnership countries. As part of these efforts, it continues to invest heavily in its ability to control and influence the information space inside and outside its borders. Funding of state-controlled media is growing quickly, in particular for outlets, such as RT, which are directed exclusively towards external audiences. Russia continues to orchestrate increasingly sophisticated cyber and information manipulation operations as well as chemical and other attacks, including against the Organisation for the Prevention of Chemical Weapons (OPCW), the German Bundestag, the Skripals in Salisbury, as well as the explosion in the Czech Republic. It undertakes direct military and hybrid actions in the unresolved conflicts that it feeds in Ukraine, Georgia and Moldova, as well as in the EU's southern neighbourhood, in Syria and Libya in particular, and beyond. It seeks to retain control over the authoritarian regime in Belarus.

Managing the relationship with Russia thus represents a key strategic challenge for the EU³. EU-Russia relations have increasingly deteriorated since 2014, following Russia's illegal annexation of the Crimean peninsula, as well as its destabilisation of eastern Ukraine.⁴ This

¹ Implementation of the Minsk agreements as the key condition for any substantial change in the EU's stance towards Russia; Strengthened relations with the EU's eastern partners and other neighbours, including in Central Asia; Strengthening the resilience of the EU (for example, energy security, hybrid threats, or strategic communication); The possibility of selective engagement with Russia on issues of interest to the EU; Need to engage in people-to-people contacts and support Russian civil society.

² <https://www.consilium.europa.eu/media/49791/2425-05-21-euco-conclusions-en.pdf>

³ https://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf

⁴ The European Council reacted swiftly in 2014 to Russia's aggression in Ukraine by e.g. suspending bilateral talks on the New Agreement and visa matters, introducing visa bans and asset freezes, cancelling the EU-Russia Summits, preparing broader economic and trade sanctions as well as suspending new financing

includes, more recently, Russia's military build-up along the Ukrainian border, on the Crimean peninsula and in the Black Sea, which was taken back only partly, and the prolonged closure of areas of the Black Sea. Furthermore, the implication of Russian intelligence services in disruptive actions within EU Member States has led to further negative dynamics. This includes the expulsion of diplomats, travel bans and the publication by Russia of the so-called list of "unfriendly states" and ensuing restrictions to diplomatic representation. Moreover, the Russian government frequently attempts to advance its bilateral relations with Member States at the expense of EU-Russia relations.

The evolution of Russia's internal policy, characterised by growing political repression by the government to preserve the current political and economic order, has also increasingly affected EU-Russia relations. With forthcoming State Duma elections in September 2021, the situation of civil society, human rights defenders and independent media in Russia has further deteriorated, also curtailing their ability to cooperate with the EU. Changes in the constitution and repressive laws on so-called "foreign agents", "undesirable organisations" and "extremism" are reinforcing a systematic crackdown on human rights and fundamental freedoms, despite them being enshrined in the Russian constitution and the country's international obligations. Moreover, authorities run disinformation campaigns, creating false narratives about alleged 'foreign interference' in Russian domestic affairs, seeking to deter real opposition and discredit civil society. The politically motivated sentencing of Alexei Navalny, following a murder attempt by a chemical nerve agent, the effective ban of the activities of his political network as "extremist", as well as the continuous intimidation and suppression of independent media and journalists are only some of recent examples.

At the same time, Russia suffers from serious and growing structural weaknesses. Real disposable incomes in Russia have dropped by 10% since 2013. The country is on a declining demographic and socio-economic trajectory, exacerbated by its business model focused on fossil fuels, an unbalanced budgetary path and the current impact of the COVID-19 pandemic.

Despite these fundamental differences, the EU and Russia have a fundamental common responsibility for peace and security on the European continent. We face common global challenges and are interlinked in some specific economic fields.⁵ We are also both bound by the same obligations in international organisations like the Council of Europe and the OSCE, which we must live up to.

EU-Russia economic relations

- Russia is the EU's fifth largest trade partner, representing 4.8% of the EU's total trade in goods with the world in 2020.
- Vice versa, the EU is by far Russia's biggest trade partner, accounting for 37.3% of the country's total trade in goods.
- The EU is also by far the largest investor in Russia. In 2019, the EU's foreign direct investment (FDI) stock amounted to EUR 311.4 billion (75% of total FDI in Russia)
- Russia's FDI stock in the EU was estimated at EUR 136 billion (only 1% of total FDI)

It is evident that, provided the political conditions allow for it, the potential for EU-Russia cooperation is very considerable. The EU has made a conditional offer of cooperation. However, the Russian government is actively pursuing objectives that go in the opposite

operations in Russia by the European Investment Bank and coordinating with the European Bank for Reconstruction and Development to adopt a similar position.

⁵ As regards cooperation with the Eurasian Economic Union (EEU), constructive steps from Russia towards more openness in our trade relations, including abiding by its WTO commitments and respecting those of other EEU members, are necessary before building a relationship between the EU and EEU beyond technical contacts. Any decision on engaging in formal relations is also conditional on a better political context.

direction: creating an area of dependence in its neighbourhood, undermining a politically united Europe, pushing back our vision of a multilateral, rules-based order, and creating situations in international affairs to limit the role of the EU and its partners.

3. Implementation of the Minsk agreements

The EU has remained unwavering in its support of the **Normandy format, the Trilateral Contact Group and the OSCE**, including the efforts of the OSCE Special Monitoring Mission (SMM).⁶ While President Zelenskyy's election provided a renewed impetus in the negotiations, the December 2019 Normandy Summit conclusions remain to be fully implemented. More worryingly, the Russian government increasingly tries to present itself as a mediator and not as a party to the conflict and demands direct contact between Kyiv and the so-called "republics", which runs contrary to the Minsk Protocol. It also scaled up in April 2021 its military presence at the eastern border of Ukraine and on the Crimean peninsula. The OSCE SMM's access to eastern Ukraine remains routinely obstructed by the so-called "republics", and ceasefire violations are at pre-July 2020 ceasefire level. This trend will likely persist, with Russia lacking a constructive approach.

The EU continues to support existing formats and instruments. It will also keep emphasising its readiness to play a leading role in the reconstruction of the conflict-affected regions once the conditions are met, including by incentivising the full implementation of the Minsk agreements. Meanwhile, the EU remains steadfast in its endeavours to alleviate the humanitarian consequences of the conflict.

Indeed, the EU is one of the largest **humanitarian** donors to the crisis in eastern Ukraine. Since its beginning, the EU has provided over EUR 190 million in emergency assistance, including EUR 25.4 million in 2021, and over EUR 1 billion, with the Member States, in humanitarian and early recovery aid. The EU support benefits vulnerable people and those most in need on both sides of the line of contact⁷. The EU is also providing, through the International Federation of the Red Cross and Red Crescent, humanitarian assistance to Ukrainian refugees in Russia. The total assistance for them since 2017 amounts to over EUR 1 million and covers access to healthcare services, vouchers for food, non-food items and livelihood support.

The EU has imposed three sets of **restrictive measures** on Russia as a reaction to its illegal annexation of the Crimean peninsula and ongoing destabilisation of eastern Ukraine.⁸ They aim at preventing further escalation or negative developments in Ukraine, and strongly signal the EU's support to Ukraine and its territorial integrity, sovereignty and independence. The clear linkage of these sanctions to the full implementation of the Minsk agreements is designed as an incentive for the Russian government to contribute to a solution to the conflict, while the perspective of the EU agreeing additional sanctions is meant as a deterrent against it worsening

⁶ The EU and its Member States contribute two thirds of the budget and monitors of OSCE SMM, as well as EU Satellite Centre imagery and analysis. The EU will continue to support local dialogue initiatives, including the OSCE led Trilateral Contact Group, and mine clearing operations. Work to counter disinformation in southern and eastern Ukraine has also been stepped up.

⁷ EU-funded humanitarian projects include multi-purpose cash assistance; provision of basic needs; shelter; water; protection activities; health assistance including psychosocial support; education in emergencies; mine risk education; and the distribution of essential winterisation items.

⁸ Measures concerning the destabilisation of eastern Ukraine: targeted individual listings of persons and entities, and targeted economic measures directed at promoting a change in Russia's actions in Ukraine, leading to a peaceful settlement and a political solution of the Ukraine crisis. Measures concerning the illegal annexation of the Crimean peninsula: targeted economic, trade and financial restrictions directed at promoting a change in Russian policy on the illegal annexation of the Crimean peninsula. Council Decision 2014/512/CFSP of 31.7.2014 and Council Regulation (EU) No 833/2014 of 31.7.2014, Council Decision 2014/145/CFSP of 17.3.2014 and Council Regulation (EU) No 269/2014 of 17.3.2014, and Council Decision 2014/386/CFSP of 23.6.2014 and Council Regulation (EU) No 692/2014 of 23.6.2014.

the situation further through its aggressive behaviour. The continued unanimous rollover of sanctions demonstrates EU unity and credibility. The EU measures have increased Russia's cost of further aggression and constrained the further use of military capabilities and expansion in Ukraine. Russia will be held responsible for any deterioration in the so-called "republics"⁹. It also remains crucial to maintain the existing coordination and unity, including on sanctions, with like-minded partners such as the G7.

To ensure respect for Ukraine's independence, sovereignty and territorial integrity and the full application of EU rules on Schengen visas in Russia and Ukraine, the EU has also provided guidance on the non-recognition of certain categories of ordinary Russian international **passports** issued to residents of the Crimean peninsula and on the handling of **visa applications** from residents of non-government controlled areas of Ukraine's Donetsk and Luhansk regions.

4. Strengthened relations with the EU's eastern partners and other neighbours

The EU continues to offer closer relations to its **Eastern partners** for prosperity, good neighbourliness, and reforms. A well-functioning Eastern Partnership is a tool to enhance European stability, security and prosperity. In March 2020, the High Representative and the Commission proposed the long-term policy objectives of the Eastern Partnership¹⁰ in the areas of economy, governance, environment and climate, digital, and society, with a particular emphasis on resilience. The 6th Eastern Partnership Summit in December 2021 will endorse a renewed agenda beyond 2020.

The EU firmly rejects the Russian pursuit of a privileged sphere of influence. The Eastern partners have a full, sovereign right to shape the breadth and depth of their relations with the EU and other international players freely. Still, the Russian government continues its confrontational policy, employing soft and hard policy tools to exert pressure. Therefore, the EU's policy remains to strengthen the Eastern partners' resilience via bilateral agreements (including Association Agreements/Deep and Comprehensive Free Trade Areas) and important financial support, with a particular recent focus on necessary reforms in the economy, governance and the rule of law, green and digital transformations, and inclusive societies. In the last seven years, almost EUR 5 billion in grant assistance was delivered, with a special emphasis on the resilience against hybrid and cyber threats and disinformation, and international law enforcement cooperation. Moreover, the EU provided in 2020 almost EUR 1 billion to help the countries address the COVID-19 consequences. The EU has also provided significant macro-financial assistance to three Eastern partners.

The EU also continued to counter the Russian government's attempts to portray itself as a mediator and not a party to the territorial conflicts affecting Ukraine, Georgia and Moldova. It pursued its non-recognition policy regarding the illegal annexation of the Crimean peninsula and the Russian-supported "independence" of the Georgian breakaway regions of Abkhazia and South Ossetia.

The EU renewed its **Central Asia** strategy in June 2019 to step up its engagement and to contribute to the development of the region with a focus on resilience, prosperity and regional cooperation. The EU has maintained an ad hoc dialogue with Russia on Central Asia. Yet the

⁹ Russian efforts to seek de-listings of individuals (such as parliamentarians and some government members) show that EU sanctions have a practical impact and affect Russia's calculations. Apart from the Ukraine crisis, Russian individuals and entities are listed under the EU sanctions regimes on Libya (for violating the UN arms embargo), on cyber attacks (ransomware, cyberattacks against the OPCW and the German Bundestag) and on the use and proliferation of chemical weapons (Skripal and Navalny poisonings) as well as under the EU Global Human Rights Sanctions Regime (Navalny imprisonment, and torture and repression against LGBTIQ persons and political opponents in Chechnya).

¹⁰ JOIN(2020) 7 final of 18.3.2020.

Russian government's attitude towards EU engagement in the region remains negative, including on the conclusion of Enhanced Partnership and Cooperation Agreements.

5. Strengthening the resilience of the EU

Over the last years, the EU has made significant progress in strengthening its resilience against challenges emanating or being instrumentalised from abroad. Managing and accelerating the **twin green and digital transitions** enhances EU resilience, by making us gradually less dependent on foreign supplies and the geopolitics of energy, and by making the advanced hardware and software of our economies more robust to foreign influence. The **Trade Policy Review**¹¹ and the **Update to the 2020 Industrial Strategy**¹² also set out concrete actions to enhance the Union's open strategic autonomy and to address strategic dependencies. Generally, the Union is equipping itself with more autonomous tools such as the FDI screening mechanism¹³, the 5G toolbox or the new instrument on foreign subsidies¹⁴.

The EU is continuing to strengthen its resilience and **energy security** by diversifying its international sources and supplies and through the creation of a single EU energy market, in particular regarding gas. This has been achieved through better 'hardware' (e.g. new infrastructure including interconnectors, reverse flow pipelines, more storage facilities and Liquefied Natural Gas terminals) as well as clearer legislative 'software', providing *inter alia* for open, non-discriminatory retail markets, the unbundling of generation and supply from the operation of networks, regulatory independence and cooperation, and the full application of EU competition rules. EU-Russia energy relations are marked by a substantial degree of interdependence: Russia is currently the EU's first energy provider and the EU is by far Russia's first energy export destination. Additional energy-related challenges include the cybersecurity of EU energy installations and the acquisition by Russian state-controlled players of strategic assets in the Union and close neighbours. However, also by moving decisively toward decarbonisation, our energy independence will further grow and reliance on Russian supplies overall decrease. Russia will see its exports of energy products to the EU shrink significantly within the next 10-20 years, which will inevitably have a domestic impact.

EU-Russia energy relations

- Russia currently accounts for 26% of EU oil imports and 40% of EU gas imports.
- However, Russia is clearly dependent on the deep, stable and lucrative energy markets of the EU: nearly two thirds of Russia's oil exports, two thirds of its gas exports and roughly half of its coal exports go to the EU, whereas only 27% of its oil exports and only 2% of its gas exports go to China.
- Energy exports are also critical for Russia's business model, representing 60% of its total exports, 40% of its budget revenue and 25% of its GDP.

Enhancing the EU's capabilities to tackle **hybrid threats** has been an essential aspect of the EU's security agenda in the last five years. Triggered by the illegal annexation of the Crimean peninsula and subsequent disinformation campaign against the EU, the 2016 Joint Framework¹⁵ is building a broad EU policy framework. It was further developed in 2018¹⁶ after the Salisbury

¹¹ COM(2021) 66 final of 18.2.2021.

¹² COM(2021) 550 final of 5.5.2021.

¹³ Regulation (EU) 2019/452 of 19.3.2019.

¹⁴ COM(2021) 223 final of 5.5.2021.

¹⁵ JOIN(2016) 18 final of 6.4.2016.

¹⁶ JOIN(2018) 16 final of 13.6.2018.

chemical agent attack, including a new, dedicated EU sanctions regime related to the use of chemical weapons¹⁷, and in the ongoing roll-out of the Security Union Strategy¹⁸.

The EU's counter-hybrid toolbox is building societal resilience against shocks of different hybrid attacks in fields such as protecting critical infrastructure, cybersecurity, countering disinformation, election integrity and foreign direct investment screening.

Russian players have become more assertive in cyberspace, conducting and/or allowing malicious cyber activities that advance its political objectives, threaten Western open societies and economies, and harm human rights and fundamental freedoms. However, the EU is strengthening its ability to prevent, deter and respond to **cyberattacks**. The EU also adopted, for the first time, sanctions in response to cyberattacks in July 2020¹⁹. This targets, among others, Russian hackers involved in Cloud Hopper, WannaCry and NotPetya cyberattacks. The 2020 EU Cybersecurity Strategy²⁰ further strengthens the EU's collective resilience in this field and the dedicated EU toolbox²¹ provides a set of robust and comprehensive measures with a view to ensuring an adequate level of cybersecurity of 5G networks across the EU. Cyber defence is one of the areas in which the EU and NATO are strengthening their cooperation. The Strategic Compass to be adopted in 2022 will provide a framework which will help focus Member States' efforts in security and defence. Through Permanent Structured Cooperation and the European Defence Fund the EU is supporting Member States in the development of their defence capabilities ensuring coherence with NATO efforts.

Russia continues to deploy information manipulation and interference activities, using a range of different tactics, techniques and procedures. These **disinformation campaigns** are carried out in an intentional and coordinated manner, with the objective to mislead, sow distrust or undermine democratic processes and institutions. This has become even more obvious during the COVID-19 pandemic, where Russia has supported disinformation action aimed at undermining the EU's response.²²

The EU has put in place a series of structures and measures to tackle foreign information manipulation and interference. It continues to strengthen its situational awareness, to build resilience and to become more effective in disrupting these activities. With its strategic communications capability, and in particular the East Stratcom Task Force, the EU detects, analyses and exposes Russian disinformation. It continues to build capacity and pro-actively engages with audiences inside the EU, the Western Balkans and the neighbourhood. The Rapid Alert System connects EU institutions with Member States and like-minded partners, such as the G7 and NATO, to enable joint responses. With the Code of Practice, the EU has also established a clear framework for online platforms to deal with this challenge. The implementation of the European Democracy Action Plan²³ will further enhance these instruments.

¹⁷ Council Decision (CFSP) 2018/1544 of 15.10.2018 and Council Regulation (EU) 2018/1542 of 15.10.2018.

¹⁸ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2328

¹⁹ Council Decision (CFSP) 2019/797 of 17.5.2019 and Council Regulation (EU) 2019/796 of 17.5.2019, Council Decision (CFSP) 2020/1127 of 30.7.2020.

²⁰ JOIN(2020) 18 final of 16.12.2020.

²¹ <https://digital-strategy.ec.europa.eu/en/library/cybersecurity-5g-networks-eu-toolbox-risk-mitigating-measures>

²² These activities are documented in a series of Special Reports issued by the EEAS: <https://euvsdisinfo.eu/eeas-special-report-update-short-assessment-of-narratives-and-disinformation-around-the-covid-19-pandemic-update-december-2020-april-2021/?highlight=covid>

²³ COM(2020) 790 final of 3.12.2020.

6. Possible selective engagement with Russia on issues of interest to the EU

As per the five guiding principles agreed in March 2016, the EU is open to selective engagement with Russia on issues of interest to the EU. The EU has such interests on elements of our green agenda (climate, environment, energy) as well as on some foreign policy issues. Ongoing selective engagement on issues such as trade, economic and digital matters, home affairs and public health have brought some limited concrete results, whilst there exist major irritants, notably in the fields of trade and transport.

Shortly after Russia joined the Paris Agreement and given the EU's ambitious climate goals²⁴, the EU has gradually resumed senior officials' discussions on **climate** with Russia, including through the EU-funded conference in December 2020 in Moscow, in the run-up to the COP-26 in Glasgow. Russia has been working on a long-term strategy and has slightly updated its nationally determined contribution, though it still leaves considerable space for growing emissions. Russia has also taken some legislative steps to update its climate policies²⁵, but its recent efforts could generate false expectations.²⁶ The Russian authorities have increasingly requested technical discussions with the EU on the possible impact of the EU's climate policy on the Russian economy. The EU has offered thematic discussions, including on carbon pricing, climate change adaptation, and possibly the carbon border adjustment mechanism.

Russia shares more than 2,000 kilometres of border with the EU and faces a number of **environmental challenges** that have an impact on the EU and its Member States. Deeper cooperation could include issues such as waste management, reducing cross-border and air pollution, the circular economy, sustainable forest management, and fighting forest fires. This would also have a positive impact on climate change, the effects of which already tangibly affect Russia, such as melting permafrost. In the short term, the upcoming Conference of the Parties of the Convention on Biological Diversity provides an opportunity for prior engagement.

While the EU-Russia **energy** dialogue remains suspended, there are a number of pressing issues. The correct implementation of the agreement on Ukraine gas transit needs to be monitored. The synchronisation of the Baltic States to the European grid and electricity trade should be completed while ensuring continued safe operation of the Russian and Belarusian grid.

On **digital** issues, working level exchanges with Russia have lacked concrete results. Pursuing EU interests, notably coordination on the use of the 700 MHz frequency band²⁷ and market access for EU companies in Russia, remains important. Other topics, including research and innovation, big data, data protection, copyright, internet governance and autonomous vehicles, were discussed without any substantial follow-up. The EU should also actively address Russia's import substitution policy in public procurement of software and hardware to avoid significant risks and difficulties to the EU's digital industry.

As regards **foreign policy** issues, there are persisting tensions in the EU's neighbourhood, and growing competition in other regions where Russia is strategically seeking to assert its role,

²⁴ COM(2019) 640 final of 11.12.2019.

²⁵ Such as the recent draft bill on monitoring greenhouse gas emissions at corporate level and a special law to turn Sakhalin into a pilot territory for carbon-neutrality.

²⁶ In the context of the recent legislative developments on climate policies, the Russian authorities have put a lot of emphasis on creating the conditions for forest-based offsetting projects to grow, thus benefitting from the possible opportunities of international voluntary carbon markets, but the EU is not planning on using international credits for EU Emissions Trading System (ETS) compliance after 2020.

²⁷ The failure of Russia to manage the switchover of the 700Mhz band prevents EU Member States bordering Russia from fulfilling their own legal obligations to do so.

such as the Western Balkans and the Southern Mediterranean, as well as the African continent. Nevertheless, there are areas where the Russian government has been playing a constructive role, such as on the preservation of the Joint Comprehensive Plan of Action (JCPOA) with **Iran** and ensuring its full and effective implementation. The same holds for the ongoing diplomatic efforts in Vienna to facilitate a possible return by the US to the JCPOA and a full resumption by Iran of its nuclear commitments. In the context of **Libya**, the key EU priorities are to ensure the Russian government's positive attitude to the ongoing political process and for a swift withdrawal of its mercenaries. Russia's view on the **Middle East Peace Process** has remained in principle close to that of the EU.

On **Syria**, the EU's and Russia's positions differ sharply. The Russian government supports the current Assad regime, including the recent "Presidential elections" on 26 May 2021. Its military intervention in Syria may have been instrumental in securing the survival of the regime, but has further undermined the stability and viability of the Syrian state and contributed to a regional humanitarian crisis. For the EU the only way forward is a genuine political solution based on the implementation of the UN Security Council Resolution 2254 in full, which would also open a path to a possible voluntary, safe and dignified return of refugees. In any case, the EU will keep engaging with Russia on the need to sustain humanitarian access to Syrians in need, as well as on upholding International Humanitarian Law in Syria.

The EU continues to engage with Russia within the **Northern Dimension** and the **Black Sea region**. Cooperation under the Transport and Logistics Partnership of the Northern Dimension focuses on possible sharing of views and best practices on decarbonisation of transport. Discussions are also ongoing on Russia's participation in the Black Sea Basin and Northern Periphery and Arctic Interreg programmes in 2021-2027, in which it has expressed interest. The Russian leadership continues to block the EU's application for observer status in the **Arctic Council**, which it now chairs, although this has not prevented the EU from contributing to its work. Russia also blocks the establishment of Marine Protected Areas in the **Southern Ocean**.

The EU has maintained technical contacts with Russia on **trade** that are usually limited to exchanges, with few results, on the numerous irritants²⁸. Most of them emanate from the Russian government's policy of import substitution, which is increasingly justified on purported security grounds related to sanctions. This comes in addition to already existing government-induced significant distortions in the Russian economy. As a result²⁹, the overall business and investment climate in the country is further deteriorating. In a relatively more positive context, the EU and Russia have engaged on WTO reform, including on the restoration of dispute settlement.

The Russian government has banned the import of approximately half of **agricultural** products from EU Member States to allow the increase of domestic production and put pressure on the remaining agri-food trade, in particular wine, spirits and pet food, via various sanitary and phyto-sanitary restrictions. Notably EU Geographical Indications continue to be misused. However, the EU agri-food sector has been remarkably resilient. With some sectorial and

²⁸ Discrimination in procurement by state-owned enterprises, intellectual property rights and other challenges affecting healthcare goods and to goods and services, unreasonable technical requirements for alcoholic products and cement, export bans of raw materials, a drastic increase of a "recycling fee" for vehicles, etc. These can have an impact also on customs clearance of goods. Over the last five years (2015-2020) some trade irritants with Russia (regulation on medical devices, measure on toys) were solved in the WTO's Technical Barriers in Trade Committee.

²⁹ Russian import substitution policy and limited contacts has led to a gradual loss of EU positions in the Russian market: whereas in 2013 the EU was the origin of 43% of Russian imports and China of 17%, the numbers for 2020 are 34% and 24%. EU investors in Russia, notably in areas particularly linked to national security such as ICT, are under continuous pressure.

regional differences, it has generally been able to find alternative markets so that, since the imposition of the embargo, the value of global EU exports has increased considerably.³⁰

Some expert dialogues on **home affairs** are continuing at varying intervals. The last meetings of the EU-Russia Migration Dialogue and the Joint Visa Facilitation and Readmission Committees took place in 2018-2019. Although the Russian government considers cooperation in these areas important, it does not meet fully its obligations.³¹ It also often opposes the EU on counterterrorism and cybercrime in international fora. The last high-level EU-Russia counterterrorism talks took place in October 2019. A Russia-sponsored UN Resolution has started a challenging process possibly threatening the position of the Budapest Convention on Cybercrime. The expert dialogue on drugs exchanges relevant information annually.

There are no regular technical EU-Russia exchanges on **public health**, although there is good regional level cooperation within the Northern Dimension Partnership in Public Health and Social Well-Being. The European Medicines Agency started in March 2021 a rolling review of the Russian COVID-19 vaccine Sputnik V, assessing its compliance with the EU standards.

A variety of other contacts is ongoing, on sectors ranging from **customs** cooperation via **industrial and competition** issues to **transport**. These contacts remain at a technical level.

7. People-to-people contacts and support to Russian civil society

Russia remains an important partner in terms of **people-to-people mobility**. It is the country where most Schengen visas are issued worldwide: between 3.1 million and 3.8 million in 2016-2018, 4.1 million in 2019 (accounting for 27% of total Schengen visas issued worldwide), and 635,000 in 2020 (26%). Furthermore, around four out of five Schengen visas issued in Russia since 2016 are for multiple entries.

Research and innovation has been an important area of cooperation, particularly through the participation of Russian entities in the EU programmes³². For example, under Horizon 2020, their participation in the Marie Skłodowska-Curie Actions involved 36 different organisations and approximately 520 Russian researchers. Cooperation is based on the principle of co-funding, with Russia supporting its own scientists in joint projects or making a commensurate financial and material contribution. EU interests include accessing Russia's leading large-scale research facilities, engaging Russian scientific expertise for research on topics related to EU policy priorities and global challenges, facilitating the adoption of European solutions in Russia, and maintaining bridges with Russia's academic community. Both sides have completed the internal procedures to renew the EU-Russia Science and Technology Cooperation Agreement for a new five-year period, but the renewal remains blocked due to an issue related to its territorial scope. Whilst the renewal would ensure a stable long-term framework for cooperation, the Joint S&T Cooperation Committee meetings are held annually.

As regards **education, youth and culture**, the EU supports the outreach to Russian society, the academic and research community, youth and culture stakeholders via EU programmes³³. Russia has been a full member of the European Higher Education Area and the Bologna Process. Russia holds the first place among all international partner countries participating in

³⁰ Despite these serious issues, the Russian market remains the sixth export destination for EU agri-food products, which have gradually increased since 2017 (to decline in 2020).

³¹ The main issues of concern for the EU remain the lack of visa reciprocity (e.g. low share of multiple-entry visas issued to EU citizens), the need to restart (previously satisfactory) cooperation on readmission after the pandemic and the necessity to hold both Joint Committees on a regular basis.

³² Framework Programmes for Research & Innovation (Horizon 2020 (2014-2020), Horizon Europe (2021-2027)).

³³ Erasmus+, Horizon's Marie Skłodowska-Curie actions, and the European Solidarity Corps.

Erasmus+ 2014-2020 International Credit Mobility with over 23 000 Erasmus+ two-way academic exchanges of students and staff.

In the area of culture, Russia can participate in the Cultural Relations Platform. Erasmus+ 2021-2027 foresees continuing established cooperation with Russia in higher education and youth and new funding actions in vocational education and training and virtual exchanges. Under Horizon Europe 2021-2027, the intention is to further balance the researchers' flows between Russia and the EU. The recently adopted amendments to the Law on Education³⁴ could have implications for international cooperation in education and research.

Russia currently participates in eight Interreg **cooperation programmes** which remain one of the few EU instruments investing in projects in Russia via central authorities. Russia is a committed contributor to the programmes.

The EU is a leading supporter of **Russian civil society and human rights organisations**. EU action for Russians covers a broad range of areas, including support for universal rights, media literacy, youth, women, gender equality, social inclusion, elderly, women and children, people with disabilities, migrants, people belonging to minority communities, victims of domestic violence, prisoners, and other marginalised and vulnerable groups. The EU also funds the EU-Russia Civil Society Forum. EU action has been crucial for Russian civil society organisations to continue their activities despite a very repressive and further tightening environment, enhance awareness, and allow for providing factually correct information about the EU and important topics.

As set out above, the more restrictive legal framework³⁵, suppression of independent voices and **limitations on fundamental freedoms** in Russia impose major constraints to the work of civil society. A number of independent journalists and human rights activists have left the country. The EU has continued to support people-to-people contacts and civil society unabatedly, as an investment for the future.³⁶

Finally, the EU is now equipped with specific instruments against those violating **human rights**. The adoption and first listings under the new EU Global Human Rights Sanctions Regime sent a clear political signal about our willingness to act against those undermining them, including in Russia.³⁷

8. Conclusions and action points

This report sets out the state of EU-Russia relations in all their complexity, clearly identifying challenges and opportunities. Russia remains our largest neighbour and an important global

³⁴ According to the new law, any activity classified as 'educational' must be coordinated with the authorities.

³⁵ Such as the legislation on "foreign agents" organisations that is used e.g. to harass NGOs and activists with possible criminal liability as well as to pre-screen electoral candidates and bar NGOs and media from participating in election campaigns. Under the law on "undesirable organisations", for which amendments are being considered to toughen its scope, the authorities can shut down foreign or international organisations in Russia. The concept of a candidate "performing the function of a foreign agent" and "affiliated with a person performing the function of a foreign agent" was recently introduced in the electoral law and will most likely be applied in a selective and discriminatory manner targeting non-systemic opposition. The Russian authorities often abuse legislative provisions to ban inconvenient political gatherings and new provisions provide for labelling of single pickets as a mass action and criminal liability for blocking roads and sidewalks. Several legal acts, with often vague wording, restrict media freedom and give the state agencies significant powers.

³⁶ The EU also updated in February 2021 its guidelines on supporting human rights defenders and civil society as well as enhancing people-to-people contacts.

³⁷ Council Decision (CFSP) 2020/1999 of 7.12.2020 and Council Regulation (EU) 2020/1998 of 7.12.2020, and Council Decision (CFSP) 2021/372 of 2.3.2021.

actor. However, as this report shows, the deliberate policy choices and aggressive actions of the Russian government over the last years have created **negative spiral**.

To meet the strategic challenge posed by the Russian leadership, our collective implementation of the **five principles** has given the EU purpose and a principled approach to defending our interests and promoting our values. The EU and its Member States shall continue to act with unity and consistency, defending their fundamental values, principles and interests. Bilateral engagement should not be pursued at the expense of common EU interests and goals.

History, geography and people bind the EU and Russia. However, a renewed partnership allowing us to realise the full potential of close cooperation seems a distant prospect. Against the backdrop of the challenging political context and in light of Russia's strategic choices, the EU needs to prepare for a **further downturn** of its relations with Russia as the most realistic outlook for the time being.

Our ambition should be to explore paths that could help change the current dynamics gradually into a more predictable and stable relationship.

To enable this, the EU will maintain open channels of communication with Russia. We expect the Russian leadership to demonstrate a more **constructive engagement and political commitment** and stop actions against the EU and its Member States, as well as against third countries. This is indispensable to turn the current unproductive and potentially dangerous tide in this important relationship.

The EU will simultaneously **push back, constrain and engage Russia**, based on a strong common understanding of Russia's aims, an approach of principled pragmatism and fully in line with the five principles.

The EU will continue to **push back** against human rights violations and will speak up for **democratic values**, including in international fora, making clear that these are matters of direct and legitimate concern to all UN, OSCE and Council of Europe States and do not belong exclusively to the internal affairs of a country. The Russian government needs to abide by its international obligations and commitments.

The EU will continue to raise Russia's consistent **breaches of international law** in Ukraine, Georgia, and elsewhere prominently, including through initiatives with like-minded partners. This includes calling on Russia to assume its responsibility as a party to the conflict and to fully implement the Minsk agreements. The EU will more actively challenge the false narratives employed by Russia to justify its actions, on all levels. We will continue to counter (through our visa practices) Russia's policy of "passportisation" in Ukraine.

The EU will continue to respond to the Russian government's malicious actions, including to hybrid actions, in an appropriate manner. This could include scaling-up and expanding its various existing sanctions regimes and/or taking additional **restrictive measures** if needed.

The EU will aim at **limiting the resources** the Russian government can draw on to carry out its disruptive foreign policy. We will also enforce EU legislation more effectively to counter, in a targeted manner, **criminal activities** originating from Russia (including ransom attacks), together with like-minded partners. We will step up our fight against **corruption and money laundering**, including through increased transparency on financial flows concerning Russia. The EU will step up its action against coercive practices by third countries, including Russia, by developing a new, autonomous tool permitting effective responses to dissuade and offset coercion.

To **constrain** Russia's attempts to undermine EU interests, the Union itself must become more **robust and resilient**.

We must counter threats and malign actions more systematically and in a joined up way, whilst ensuring coordination with like-minded partners such as NATO and G7. Member States should **coordinate their responses** to Russia's actions even more pro-actively.

We should further develop the EU's **cyber security and defence capacity**, as well as its **strategic communication** capabilities. We will further step up our action to address and stop information manipulation and disinformation, including by strengthening the regulatory framework for social media platforms. The EU is considering introducing new instruments allowing to impose costs on perpetrators, including in the framework of the European Democracy Action Plan.

We should continue to strengthen our capabilities against **hybrid threats**, including the EU Hybrid Fusion Cell, Helsinki European Centre of Excellence for Countering Hybrid Threats, and our structured cooperation with NATO, and take dedicated action to protect better the EU's and Member States' democratic processes, institutions and electoral infrastructure.

We will make better use of the leverage provided by our **energy** transition and will fully implement EU energy market rules. We will support the energy security of our neighbours, including the correct implementation of the agreement on Ukraine gas transit. Completing the synchronisation of the Baltic States to the European grid and electricity trade remains a high priority.

We will step up support to our **Eastern partners**, working to realise the full potential of the Eastern Partnership. The upcoming Eastern Partnership Summit will be an important occasion to forge this common post-2020 agenda. Successful political and economic reforms, in particular in the areas of the rule of law, human rights, the fight against corruption and good governance, will reduce the vulnerabilities of our partners and serve as a key antidote to interference and destabilisation attempts by Russia. Our agenda could include investing in security partnerships with our neighbours to further increase their resilience.

To further its own interests, **the EU should engage** Russia on several **key challenges**.

The COVID-19 pandemic has shown the common interest for constructive engagement on **public health**, e.g. on tackling cross-border health threats, better preparedness, work on antimicrobial resistance, regulatory convergence and access to medical products.

In light of our common interest to combat **climate change and other environmental issues**, the EU should engage in a closer dialogue with Russia, most immediately in the run-up to the COP-26 in Glasgow and the COP-15 on Biodiversity in Kunming. It should also pursue thematic discussions in these fields, including on carbon pricing, renewables, methane emissions, climate change adaptation and the EU's future carbon border adjustment mechanism. This is all the more important for Russia given the fast-changing geopolitics of energy and its own delayed low-carbon transition.

There should be more technical engagement with the Russian government on the vast number of **economic irritants**, e.g. on import substitution, trade barriers and subsidy controls, leveraging the EU's competitive advantages. Depending on the issue and strictly in line with the sovereign choices of other countries concerned, this would also include targeted, technical work with the Eurasian Economic Union, within the latter's remit.

The EU will further **people-to-people contacts**. This could include more visa facilitation (e.g. visa fee waivers) for the youth, work-and-travel programmes, academic cooperation, science and education, and student exchanges.

As regards **regional and cross-border cooperation**, we should continue to pursue programmes with Russia, cooperation under the Northern Dimension and practical cooperation in regional

inter-governmental formats, e.g. the Council of the Baltic Sea States, the Barents Euro-Arctic Council, the Black Sea region as well as in the Arctic.

The EU will enhance its support to Russian **civil society and human rights defenders**, applying more flexible and creative approaches. We will step up support to independent Russian language media outlets to strengthen a plurality of views. We will also fine-tune our aid programmes as needed to ensure their effectiveness and avoid the repression of partners.

The EU will work on **conflict prevention and bilateral de-confliction** and confidence-building mechanisms. We will cooperate on **regional** (such as JCPoA, Middle East, Libya, Afghanistan) **and global issues** (such as counter-terrorism and nuclear proliferation), based on the full respect of international law as the core of a rules-based international order. The EU will continue to engage with Russia in **multilateral organisations**.

On the basis of overall developments and guidance from the European Council, the Commission and the High Representative/Vice-President will operationalise the agenda set out above.