

President Yanukovich's Dubious Deal

The newly, democratically elected President Yanukovich of Ukraine has got off to a spectacularly fast but equally dubious start. First on his diplomacy: his first supposedly symbolic act of foreign policy was to fly to Brussels, even before Moscow, as if to demonstrate his European credentials. But after seeing what he did in Moscow a few days later, this day trip to Brussels now looks a very hollow gesture.

In Moscow, he made a two-part deal, described in the headlines as an extension of the lease of the Russian Black Sea fleet at Sevastopol for 25 to 30 years, in exchange for a 10-year discount off the price of gas. As the Russian President has said, these two elements are intimately interconnected.

President Yanukovich has said that the gas discount deal gives Ukraine a profit of \$40 billion over the ten-year period, thus around \$4 billion per year. According to a Gazprom press release, this savings is made up as follows:

The price discount will be equal to the reduction in the gas export duty set by Russia (which in principle represents the difference between world market prices and Russian domestic prices).

This reduction is 'expected' to be cut by \$100 per 1,000 cubic metres, and will not exceed 30% of the gas price.

The discount will apply to 30 billion cubic metres in 2010, and 40 billion cubic metres in 2011 (\$100 multiplied by these amounts = \$3 to 4 billion).

The price formula and 'take or pay' principle will remain as originally stipulated (implicitly as in the agreement of 19 January 2009, which has been widely reproduced by the media). The 'take or pay' principle obliges the gas importer to pay for a given quantity of gas, whether he takes it all or not.

This deal has three aspects, all of fundamental importance for the future of Ukraine – the political, the strategic and the economic – and all of which can be seriously criticised.

The political disaster for Ukraine is that Yanukovich has converted a relatively correct democratic electoral win into the most egregious case of 'state capture'. This is a term of art of political analysts, who describe a party coming to power as treating their electoral victory as a license to appropriate and distribute state assets for the private benefit of its leadership and supporters. What has been common in the new, post-communist democracies of Eastern Europe is the rigging of privatisation processes in favour of the party in power. But Yanukovich takes this black art to new heights, in selling out the strategic Sevastopol naval base in exchange for cash benefits for his oligarchic friends and supporters in the gas-trading and gas-consuming sectors.

President Yanukovich has described the renewal of the Black Sea Fleet lease as improving European security.

That of course depends entirely on how Russia will frame its security strategy in the Black Sea region, and use the naval base in the future accordingly. We cannot predict the future, but we can observe recent realities, notably Russian strategic behaviour that led to the August 2008 war. This was an episode in which Russia's sustained provocation delivered the pretext to invade Georgia, leading on to its recognition of the independence of Abkhazia and South Ossetia.

Finally, we come to the economics of the gas price deal, which are not transparent. What is the reference price in relation to which the 30% cut is given? It is not at all clear. What has been happening recently to world gas market, affecting the difference between Russian domestic and international prices? Again it is not precisely clear, but some fundamental trends suggest that this 30% gift may become in some degree at least a deceptive illusion. International gas prices have certainly been substantially eroded in the last year under three influences, weak demand resulting from the economic slump, but also increasing supplies coming from shale gas in the US, and liquified natural gas (LNG) supplies from diverse sources such as Qatar, Australia, Nigeria and elsewhere. Whereas oil prices have risen from \$50 to \$80/barrel since the beginning of 2009, spot gas prices have not followed suit. Only the first of these three factors is temporary, and the other two are permanent. In particular for Europe there is now an abundance of LNG supplies, as the US has become self-sufficient in gas. As a result, Gazprom had in February 2010 to concede to E.ON and ENI a large crack in the price-setting mechanism, which consisted of indexation on the oil price lagged by around 6 months. These major European importers have themselves secured significant quantities at 'discount' prices linked to the spot market for gas, leaving other volumes subject to the 'official' oil-linked price. Which of these prices is the reference for Ukraine's discounted price? Maybe Ukraine's 30% discount price is not so different from the discount that E.ON and ENI have obtained, without giving a naval base in exchange. Moreover the structural changes to the world gas market may mean that the present 'temporary' break in the oil-gas price linkage may become permanent, alongside a relative decline in the world market price for gas, and given the massive expansion of LNG supplies to Europe leads to the emergence of a significant spot market in Europe. So even Ukraine's 30% discount and annual \$4 billion benefit is in some degree being eroded.

This weakness in the gas deal is magnified by the divergence between the time horizons for the gas price and Sevastopol deals, 10 years for the former versus 25 or 30 years for the latter.

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If the gas discount is meant to be a quid pro quo for Sevastopol, the time horizons should logically have been the same.

In addition Ukraine itself may have large potential for shale gas. This has already become apparent in Poland. If these domestic or foreign alternative supplies develop, Ukraine's agreement to 'take or pay' huge quantities of gas is especially hazardous.

Who will get the benefit from the discount, to the extent it is real? Given the opaque nature of the gas trade, especially in and through Ukraine, there will be opportunities to win arbitrage profits between the discounted import price and the European market prices. All manner of gas swap techniques are at play, and Dmitri Firtash, the Ukrainian oligarch who is a backer of Yanukovich, is a master of this gas swap trade business. Ukrainian gas-consuming industries will also gain, but the Ukrainian economy will remain the most gas-inefficient in the world. So Ukraine will be locking itself into a structure of major financial incentives to maintain, at one and the same time, gas inefficiency and dependence on Russia.

The alternative economic deal, on the basis of a political choice by Ukraine to extend the Black Sea Fleet lease, would have been to maximise the direct rent for the Sevastopol base, and to have put the annual \$4 billion (or whatever sum) into the Ukrainian budget for the life of the lease. The gas price could have been left open to negotiation in the light of market tendencies, or left to the previous market price formula: i.e. to take the European import price as reference, and on this basis calculate the Ukrainian 'net-back' price (i.e. discounted for the lower transport costs). The Ukrainian government could then decide how the Sevastopol rent should be used: as a budget deficit reduction, as subsidy to aid energy efficiency or as social assistance where most acutely needed.

by Michael Emerson

Joint News Conference Medvedev-Yanukovich on Black Sea fleet and Gas deal

Kharkov, Ukraine, 21 April 2010. [Link](#)

PRESIDENT OF UKRAINE VIKTOR YANUKOVYCH: Mr President, dear colleagues, ladies and gentlemen,

Today we have done what we promised to do and taken an important step or, we might say, turned a new page in relations between Ukraine and Russia. We have signed two agreements that are very important for our countries, our economies and the citizens of both Ukraine and Russia.

Today's meeting was extremely useful for making preparations for the official visit of the President of Russia to Ukraine, during which we plan to make further steps towards each other and deal with a number of longstanding issues that need to be resolved in relations between Ukraine and Russia. And of course there was a meeting today of the heads of the border regions of Russia and Ukraine.

It was decided that this autumn an economic forum will be held in Russia, in Krasnodar Territory, and then in Ukraine in 2011 in Donetsk Region.

The decisions made today and the documents that were signed were the result of a lot of blood, sweat and tears on both sides. First of all I want to say that these conditions were particularly complicated because of the difficult economic situation in both Ukraine and Russia.

I should add that I am grateful to President of Russia Dmitry Medvedev for his willingness to accept my proposal and consider these questions in the first place. I think we resolved them in record time. And the decision that was taken concerning gas transit and sales is I think unprecedented in the history of relations between Ukraine and Russia. The fact that the Russian side has now gone some way towards accommodating Ukraine and actually agreed with our proposals, with the exception of certain trade-offs ...

PRESIDENT OF RUSSIA DMITRY MEDVEDEV: As usual.

VIKTOR YANUKOVYCH: Yes, so these were the issues raised in our talks. These talks were very complex, very focussed, and we were forced to work with very tight deadlines. Given the importance of the issues at stake, we jointly decided to accelerate their consideration and come up with a solution by April. Well, today we came up with that solution.

Over the next 10 years Ukraine will receive real investment provided by Russia in the form of resource aid, specifically natural gas, and our experts have calculated that the value of this will amount to approximately \$40 billion. It is very important to extend such aid during this crisis period. We understand that crises do not occur often but when they do, good neighbours, good, reliable partners always meet each other halfway.

On the other hand, we have decided to expedite a decision on the presence of the Black Sea Fleet on Ukrainian territory, because our Russian colleagues, our friends, had to know how

this question was going to be resolved. The extension of the period for stationing the Black Sea Fleet at its Sevastopol base is also fundamentally important for Russia.

We are looking at this issue in the context of the formation of a European system of collective security, and we know that the Black Sea Fleet will be one of the guarantors of security among Black Sea countries. We support President Medvedev's initiative to reconsider the concept of the European collective security system, which by the way is also supported by French President Nicolas Sarkozy. As far as this issue is concerned Ukraine is ready to participate actively as a state which does not belong to any military bloc. Ukraine wants to find its place and obtain the appropriate guarantees for collective security, which, incidentally, were outlined in the agreement on nuclear disarmament signed by Ukraine in 1994. But now a new stage has begun and we believe that at this stage we must take a proactive and principled position. We believe that this issue concerns not only Ukraine as a non-bloc member country but also other European countries, countries that need to find answers to the challenges facing the European community today insofar as security issues are concerned.

In summing up then, Mr President, let me say that if all our meetings lead to similar results, I think we will very quickly make up for the period of cool relations between Russia and Ukraine. And this new stage, of course, will contribute to the development of our economies, the development of traditional relations between the Ukrainian and Russian peoples.

Please, you have the floor.

DMITRY MEDVEDEV: Mr President, dear Ukrainian friends and colleagues, ladies and gentlemen,

You know, Mr Yanukovich has outlined with great accuracy everything that we have accomplished. We have agreed to act quickly. And it gives me great pleasure to inform you that we really have taken a major step in restoring good political, social, economic and humanitarian relations between two countries that are linked in so many ways.

We really did meet today with a view to bringing our regions together and to synchronise our watches in anticipation of my visit, which will take place held in May. This will be a formal, full-fledged, important visit that I am pleased to be making: let's call it a long-awaited visit. But of course the main reason for meeting in such short order and producing some tangible results was the signing of the intergovernmental agreement, which has just been endorsed in your presence by the two presidents in question.

Mr Yanukovich has spoken about the significance of this agreement which aims to accomplish two goals. These are useful in and of themselves and are in principle of great significance for both sides.

The economic crisis, the situation in the financial sector, in our countries' economies – all these factors have created serious difficulties for us. This crisis has very seriously affected Ukraine. When we initially met with Mr Yanukovich immediately after his inauguration as President, he said frankly that for him this question, the issue of gas prices and then that of additional

financial and investment resources – these were the key to making the economy work, and to accomplishing the tasks that the Government is dealing with today and that Mr Yanukovich set for himself as President of Ukraine. I said that we were ready to discuss this issue. As a result, we really did come to an unprecedented agreement on providing additional financial resources for our Ukrainian partners in the long term. These resources consist in providing gas price discounts. And these discounts are set forth in the agreement that we have just signed and look like this: our Ukrainian partners will receive a \$100 discount on gas price if it exceeds \$330 per 1,000 cubic metres, or a 30% discount of the contract price if it is less than \$330.

Accordingly this discount represents a real resource that our Ukrainian partners will have at their disposal. It really does create an opportunity to make savings in the long run, which will be spent on internal affairs, economic and social objectives.

On the other hand, as the President of Ukraine has rightly said, Russia needed certainty on the issue of its naval base lease. This certainty has been achieved: we have signed an agreement that extends the Russian naval presence on Ukrainian territory for 25 more years, with an option of an additional five-year extension if neither party decides to terminate the agreement. This creates the necessary confidence and, as Mr Yanukovich rightly pointed out, it provides more guarantees, better guarantee for European security in the Black Sea basin. As we all know, every region has its particular problems, and we have our own problems as well. The presence of Russian naval forces creates the necessary balance of interests for all countries in the Black Sea region and of course first and foremost for Russia and Ukraine. In fact, this measure should be considered in the context of the pan-European security initiative, which I put forward in 2008. I am very pleased that as President of Ukraine Mr Yanukovich supports this initiative, along with some of his European counterparts.

In this way we have resolved two very important problems and fulfilled the promises that were made to voters, promises that are important for our peoples and that will create a genuine foundation for establishing strategic relations between Russia and Ukraine. These are relations that go back centuries and are based on proximity, brotherhood and friendship, relations that now have a specific pragmatic dimension and that aim to ensure that people in our countries lead better lives, and that our economies develop in the right direction. Therefore, I would like to sincerely thank Mr Yanukovich for making these decisions as President so quickly. I would like to thank the Ukrainian team for its hard work, which went on non-stop for a number of days, right up to the eleventh hour, as I have already said. We are also grateful that here today in Kharkov we have signed this important document, which symbolises our friendship.

QUESTION: Let me put the first question to the President of Ukraine. Mr Yanukovich, it's been made clear, in simple, absolute terms that ordinary people can understand, that the price of gas is going to be reduced by 30 percent. In this regard, based on today's gas prices, how much will that be in US dollars? Two hundred and something, how much? And these investments, these \$40 billion that is going to be freed

up, that will be saved: what does the Ukrainian leadership plan to spend this money on?

And if you'll allow a second question for the President of the Russian Federation: Mr Medvedev, you now have an international legal guarantee giving Russia a significant extension for the presence of its Black Sea Fleet on Ukrainian territory. In this regard, is there a chance that you will be investing on a similar financial scale in the development of both the city of Sevastopol and in the Black Sea Fleet, its modernisation and development? What plans does the Russian side have in this regard?

VIKTOR YANUKOVYCH: As of April 2010, we can say that Ukraine will be receiving a concrete investment resource. For us this is very important because, as you know, we are currently working on the budget, and hope that it will be reviewed next week and approved by the Verkhovna Rada [Ukrainian parliament].

Of course the question of how to dispose of these assets is a question for the government. Naturally we need a programme that will work on energy-saving technologies. Of course as a result of this work we need to create the appropriate conditions so that Ukraine can pay market prices. During this time we will be trying to reduce our dependency as quickly as possible, but this particular resource will be spent on social purposes, on investment projects and on the development of Ukraine's Armed Forces. This is a very specific resource that is very important for Ukraine at this point in time.

As you know, to some extent this measure is the result of the ravages suffered by our economy. Those prices that were agreed to by the Tymoshenko government for 10 years drove the Ukrainian economy into the ground, as they say. What is the price of gas in the end? It's the tariffs on housing and communal services. It's the price of bread. It's the competitiveness of our businesses. It's the price of chemical fertilizers our agriculture industry uses, and so on. I don't think there's any need to explain the importance of this issue or the urgency of addressing it.

I am grateful to President Medvedev that we have come up with a solution for this problem as of April 2010, not in 2017 when the contract with Russia or the agreement on the Black Sea Fleet would have come to an end, but in 2010, because this is very important for us now. And, as they say, a spoon is dear when lunch time is near. So we came up with a mechanism that enabled us to resolve these two problems at a stroke.

DMITRY MEDVEDEV: You know, for Russia Sevastopol is a very special city, and of course our naval base, which is located in Sevastopol, and the extension of its presence there, which has just been sealed with our signatures, is of particular importance for us. So of course we are keen to make sure that the Russian military base not only provides security in the region, helps resolve border issues, or creates a genuinely secure environment, but also helps Sevastopol to resolve a variety of social and economic problems. I think that this is the sort of full-fledged, normal partnership that should always exist between countries and between specific structures, including military structures that can be deployed on the territory of another nation. Therefore, we are keen that the base will be seen in a

positive light, in the way that it has been up till now and I'm sure will continue to be. And so I've given instructions to the Minister of Defence [Anatoly Serdyukov] and the Commander of the Black Sea Fleet [Vice Admiral Alexander Kletskov] to prepare a draft agreement on the participation of our base in the social and economic development of Sevastopol.

QUESTION: Two questions. The first one is for Mr Yanukovich: will the discount on gas that Russia is offering be linked somehow to the rent that Russia's Black Sea Fleet pays to be stationed in the Crimea? If so, in what way and how much will this rent be from now on?

And the second question is for you, Mr Medvedev. Do today's gas agreements with Ukraine mean that Russia's other partners in post-Soviet territory, such as Belarus, can soon expect similar relief on gas issues?

VIKTOR YANUKOVYCH: Yes, naturally in signing this agreement we calculated that over the next 10 years the investment resources that will be coming to Ukraine will amount to approximately \$4 billion a year, or a billion dollars every three months. It's a huge plus that we will be receiving this particular investment in the form of price discounts as of April this year. So this year, given the volume of Russian gas supplies to Ukraine (30 billion cubic metres), it will be \$3 billion. And next year we already have a contract for 40 billion cubic metres of gas, and that means \$4 billion.

DMITRY MEDVEDEV: I will simply add two words. In effect these things are connected with each other, but only in a technical sense, because the relevant discount will be taken into account as part of the rent paid by the Russian Federation for stationing our Black Sea Fleet in the Crimea, for our base in Sevastopol. There is no political link, but simply a technical one, because this is money, and the rent will be increased by the amount corresponding to this discount. These issues are directly and unambiguously linked in the contract, but again I want to emphasise that this link is not so much substantive as it is bound up with accounting matters.

Now, with regard to our other partners: what Mr Yanukovich and I have accomplished today really is a genuine, reciprocal advance on the part of both Russia and Ukraine. This is a step that is long overdue. This sort of measure is an indication of the real intentions of neighbours, friends, relatives, countries that are close to us, and today Ukraine has taken this step, as has the Russian Federation.

If we are to talk about other countries, we need to see how their actions compare with the results that have been achieved, how their intentions correspond with what they've actually done. Any time we talk about any sort of discount or assistance, the question arises: in the name of what and for what? We have to have a partnership. A real partnership and a declaration of intent are two very different things. It is one thing to agree to work very hard to accommodate each other, help each other, and another thing to agree to provide permanent residence for people who have lost their jobs. These are two different things. You can draw your own conclusions.

Tymoshenko on Russia-Ukraine Black Sea fleet - Gas deal

Press release, official website of Yulia Tymoshenko
Kyiv, 26 April 2010. [Link.](#)

Ukraine's new government has placed the nation's fragile democracy and independence at risk by reaching a landmark agreement with Russia on the Black Sea fleet, according to the country's opposition leader.

Yulia Tymoshenko accused President Viktor Yanukovich, her rival, of trading the country's "sovereignty" by allowing Russia's navy to continue using a Ukrainian port for almost another four decades.

Ms Tymoshenko described this as a "shocking trade-off" and another "unconstitutional" move by her opponent.

The agreement with Russia gives Ukraine a 30 per cent discount on gas import prices, which economists say will help the country crawl out of a deep recession. In return, Russia's Black Sea fleet will stay at Sevastopol, on Ukraine's Crimean coast, for another 30 years after the existing lease expires in 2017.

"This casts Ukraine 20 years back towards the Soviet Union. Independence is at risk. I don't want to see our country fall under authoritarianism and controlled democracy. Also at stake is the security of Europe and the region," said Ms Tymoshenko.

Russia used ships from the Black Sea fleet during its war with Georgia in August 2008. "We could automatically be pulled into one side of a conflict. In a worst-case scenario, we could lose Crimea," she said. Separatist groups on the peninsula have long sought unification with Russia.

Ms Tymoshenko said that a united opposition front would try to block this agreement, which Mr Yanukovich signed on Wednesday. Parliament is due to vote on ratifying the deal next Tuesday.

A former prime minister, Ms Tymoshenko was defeated by Mr Yanukovich in February's presidential election. She was a leader of the Orange Revolution, which overturned Mr Yanukovich's rigged victory in the 2004 election. But Ms Tymoshenko stopped short of calling for millions of supporters to protest against the new agreement with Russia.

She conceded that the opposition's room for manoeuvre is limited because the president has consolidated full control of the executive, legislature and judiciary.

This made it "crucial" for Ukraine's western allies, notably the US and European Union, to "stop turning a blind eye as Mr Yanukovich tramples on Ukraine's constitution and press freedoms".

The west backed Ukraine's opposition during the Orange Revolution, but has recently turned silent.

Western governments are eager for an end to political chaos in Ukraine. But Ms Tymoshenko urged them not to “betray their most dear principles of democracy and freedom of speech, for the sake of would-be stability. Such false hopes will not bring stability.”

She repeated her desire for harmonious relations with Russia, while keeping Ukraine on a path towards eventual EU membership.

Originally published in the Financial Times
Roman Olearchyk in Kyiv
April 23, 2010

EC for Enlargement and Neighbourhood Policy, Stefan Füle, on Ukraine

Exchange of views with the AFET Committee of the European Parliament
Brussels, 28 April 2010. [Link](#)

[Extracts]

Last week I visited Kyiv. This involved a number of useful and constructive meetings with the President, Prime Minister, Foreign Minister, members of the opposition and with representatives from business and civil society. The visit built on that of the High Representative and me to Kyiv on the occasion of President Yanukovich’s inauguration in February, as well as President Yanukovich’s own visit to Brussels on 1st March.

[...]

On the Association Agreement, a strong desire was expressed to sign the Agreement in 2010. I explained that more work was needed particularly on the deep and comprehensive free trade area by the Ukrainian side but underlined our strong commitment to completing negotiations as soon as possible.

On the issue of visa dialogue, I explained that the Commission was working towards a “road map approach” but further “homework” was needed on the Ukrainian side. On our side, constructive initial discussions have taken place with EU Foreign Ministers but these need to continue. We are hoping for further progress in the run up to the EU-Ukraine Summit in the autumn.

I also underlined the importance of inclusivity in implementing the process of European integration across the political divide and with civil society. Opposition leaders confirmed their commitment to supporting those reforms related to European Integration. I passed over copies of the reform list to leaders of the opposition and underlined the need to collaborate closely within the Parliament on the implementation of the reform agenda.

I have been informed about the new deal on gas with Russia and the extension of the lease of the Russian Black Sea Fleet base in Crimea. As those of you who have followed the

Parliamentary debate in the Ukraine yesterday know, these are controversial issues with strong opposition domestically.

On the government side, I understand that the re-negotiation of the gas deal was essential to ensure Ukraine’s future economic stability. The new Agreement should make it possible for Ukraine to adopt a budget for 2010 and to re-launch negotiations with the IMF on the standby arrangement with Ukraine. However, opposition leaders criticized the new agreement on the Black Sea Base as giving away sovereignty.

I underlined that these decisions are sovereign matters for Ukraine. As regards gas, the agreement would be assessed by the EU ultimately against (a.) the need to ensure security of supply (b.) the principles of predictability and transparency and (c.) the need to ensure the rehabilitation and modernization of the gas transit system.

I take away from this mission a number of key thoughts. Firstly it is very early days for the new administration. The leadership has communicated strong signals concerning its commitment to the process of European integration and reform. We will know much more on this once it publishes its reform programme in June. The reform matrix, as well as other tools such as the Association Agenda, will allow us to judge the extent to which promises on reform are matched by actions. This will be one of my top priorities in the coming months.

Secondly, it is clear that the EU must be ready to engage with Ukraine if and when it does implement reforms. Again the list I mentioned before provides examples of possible responses to positive steps by the Ukrainian side. These range from further economic and financial assistance through to progress in the area of mobility and greater economic integration into the EU.

Thirdly, it is important that we engage not only with the government but also other key players, including the Ukrainian Parliament, members of the opposition, business and representatives of civil society in the process of European integration. European integration should be an inclusive process. I was encouraged by the commitment of the opposition to support reforms which take forward European integration.

EU Official on EU-Ukraine Association

Interview with Hugues Mingarelli by Radio Free Europe
Brussels, 8 April 2010. [Link](#)

[Extracts]

Hugues Mingarelli, director-general for external relations at the European Commission:

“If the Ukrainian side remains engaged the way it has done over the past three years, we hope negotiations can be concluded in the course of the next 12 months,”

[...]

“In the political dialogue, there are three unresolved points. First, there is the Ukrainian request for a prospect of accession

[to the EU]. Second, there is the Ukrainian request for the free movement [of people] at an early date -- the EU proposes, for the moment, to view visa-free [travel] as a long-term goal. And there's the debate concerning the wording of [articles in the Association Agreement] relative to the territorial integrity and sovereignty of this partner country."

[...]

"Ukraine must understand the EU is in no position to ensure the security of any of its international partners,"

[...]

"Ukraine does not exist in a vacuum. There are forces which are not pushing Ukraine in the direction of the EU."

Addenda signed to the Contract on Supply of Gas to Ukraine

Gazprom press release
Moscow, 21 April 2010.

Today in Kharkov, during a working visit of the Russian President D.A. Medvedev to Ukraine, addenda were signed to the natural gas supply contract of January 19, 2009 between OJSC Gazprom and NJSC Naftogaz of Ukraine.

The 2010 annual contract volume of gas has been increased to 36.5 bcm.

NJSC Naftogaz of Ukraine will pay for gas at a discounted rate equal to the reduction in the export duty for gas supplied to Ukraine, set by the R.F. Government.

The duty is expected to be cut by US\$100 per 1,000 cubic meter of gas; the reduction will not exceed 30% of the gas price and will apply to 30 bcm to be supplied in 2010, and to 40 bcm – in the years to follow.

The price formula and the "take or pay" principle remained as originally stipulated.

Additionally, the signed addenda annul reciprocal penalties that were never applied in practice.

Alexei Miller noted that "amendments were made to the contract, pursuant to the intergovernmental agreements and do not deteriorate Gazprom's economic position".

It was also agreed that 80% of the gas transit price would be paid by Gazprom by the 6th day of the following month and 20% - in accordance with the effective transit contract – by the 20th day of the following month.

Medvedev speech at start of construction of the Nord Stream Gas Pipeline's Underwater Section

Russian presidency press release
Vyborg, 9 April 2010. [Link](#)

PRESIDENT OF RUSSIA DMITRY MEDVEDEV: Colleagues, ladies and gentlemen,

It is a great pleasure to be able to congratulate you personally on this symbolic event – the start of construction of the Nord Stream gas pipeline.

As we know, this gas pipeline will be laid at the bottom of the Baltic Sea and will cross the economic zones of five countries: Russia, Finland, Sweden, Denmark, and Germany. For the first time – and this is perhaps one its greatest achievements – it will make it possible to deliver Russian natural gas directly to Western Europe without passing through transit nations.

Our country has cooperated with its European neighbours in the gas sector for more than 40 years now. This cooperation has fully stood the test of time and I am certain it produces benefits for both sides. It accounts today for more than a quarter of the European Union's gas consumption. This represents around 140 billion cubic metres of gas a year. Nord Stream will make it possible to deliver an additional 55 billion cubic metres of Russian gas to Germany, UK, France, the Netherlands, Denmark, the Czech Republic, and Belgium.

We are all involved in environmental issues, of course, make environmental concerns our common policy and hold various meetings and conferences, and we are all working on developing alternative energy sources, but demand for gas in Europe is set to grow nonetheless. Of this we are certain as this is logical.

Nord Stream is an example of very effective multilateral energy sector cooperation. It opens up the way to developing transnational energy infrastructure and joint exploitation of gas deposits. This makes it possible in turn to have production facilities operate at their full capacities and, most importantly, create new jobs in Russia, in the European Union, in other European countries.

Nord Stream is not just a big transnational commercial project but is also our contribution to resolving environmental and climatic problems not just at the regional but also the global scale. The preliminary work that went into this project was unprecedented in nature. It was a very lengthy process and it sometimes looked to me as though it would never end. But it has been completed and all necessary precautions have been taken to guarantee that this project is reliable and safe for the environment. This really is a very important aspect. And everything has been done to ensure that the project complies with national and international environmental law.

Increasing the share of natural gas in Europe's energy balance will make it possible to reduce emissions of pollutants into the atmosphere and, something I particularly want to emphasise, help us to achieve our goals in fighting climate change without detriment to the economy.

Finally, Nord Stream is a key link in guaranteeing global and European energy security. It is an important and systemic part of the energy dialogue between Russia and the European Union, as its special status of trans-European energy network clearly illustrates. This pipeline will ensure reliable gas supplies to European consumers at reasonable and acceptable prices, and it will guarantee us against some of the problems that arise out of shortcomings in the current regulatory base, including that regarding gas transit.

Colleagues, the views of all sides represented here today – state authorities, and companies taking part in the project – were taken into account during the work on settling the legal and technical issues involved. This approach has enabled us to reach what is without question a new level of understanding and trust, and this lays a good foundation for future Russian-European cooperation.

I am sure that the Nord Stream gas pipeline will become a new link binding Russia and Europe. Its construction fits with our long-term goals and – I stress – is also in the interests of our respective national economies' development. And, of course, it represents our contribution to guaranteeing Europe's energy security.

I sincerely congratulate everyone on the start of this new stage in the pipeline's construction.

Russia-Norway agreement on maritime delimitation

Norway government press release

Oslo, 27 April 2010. [Link](#)

[Extracts]

The issue of the maritime delimitation between Norway and the Russian Federation in the Barents Sea and the Arctic Ocean has been the object of extensive negotiations over the last 40 years. The negotiations have now been completed, but some technical control work remains before the final treaty is ready for signature. After that it will be considered by the two countries' national assemblies.

"The agreement is the result of meticulous efforts on the basis of international law, and is an expression of the great importance attached to international law by Norway and the Russian Federation as coastal states. The negotiated solution appears to be well balanced and will benefit both our countries," said Prime Minister Stoltenberg.

The recommended solution involves a maritime delimitation line that divides the overall disputed area of about 175 000 square kilometres in two parts of approximately the same size. In addition to a maritime delimitation line, the two delegations recommend the adoption of treaty provisions regarding cooperation on fisheries and petroleum activities. Norway and the Russian Federation wish to maintain and enhance the longstanding cooperation with regard to living marine resources in the area. In the field of hydrocarbon cooperation, the two delegations recommend the adoption of detailed rules and procedures ensuring efficient and responsible management of

their hydrocarbon resources in cases where any single oil or gas deposits should extend across the delimitation line.

"Agreement on the maritime delimitation line opens up new prospects for cooperation in the north on resources, trade and industry, employment opportunities and people-to-people cooperation across our common border. This is a historic day, especially for our populations in the north. I want to extend my thanks to our two Foreign Ministers and the negotiators for their extensive efforts, which have now proved successful," said Mr Stoltenberg.

EU General Affairs Council on EEAS

Luxembourg, 26 April 2010. [Link](#)

The Council reached a political orientation on a draft decision on the establishment of the European External Action Service, as provided for under the Treaty of Lisbon, on the basis of the proposal presented by High Representative Catherine Ashton on 25 March. Today's agreement provides a basis for consulting the European Parliament.

The creation of the EEAS is one of the most significant changes introduced by the Treaty of Lisbon. It aims to enable greater coherence and efficiency in the EU's external action and increase its political and economic influence in the world.

The EEAS will assist the High Representative of the Union for Foreign Affairs and Security Policy in fulfilling her mandate. It will work in cooperation with the diplomatic services of the member states and comprise officials from relevant departments of the General Secretariat of the Council and of the Commission, as well as staff seconded from national diplomatic services of the member states.

The Treaty provides that the Council acts on the proposal after consulting Parliament and obtaining the consent of the Commission.

EU foreign service: EP links budget approval to agreement on EEAS organization

European Parliament press release

Brussels, 16 April 2010. [Link](#)

The Conference of Presidents of the European Parliament reaffirmed yesterday its intention to treat all issues concerning the setting up of the new EU foreign service as a single package. Parliament's assessment of the main proposal will thus be linked to decisions on the budget and staffing of the new service.

The leaders of the political groups reiterated that Parliament will deal with all the proposals on the creation EEAS together. Formal negotiations with the Council and the Commission would therefore start only after the complete set of proposals has been submitted. The group leaders and the rapporteurs involved concluded that this made it unlikely that the entire package could be dealt with before summer. The group leaders also made it clear that approval of the service's

budget and staff allocations was conditional on approval of the final plans to be submitted by the High Representative/Vice-President Baroness Ashton on the make-up of the EEAS. A particular concern for Parliament is that the EEAS be a fully European instrument, rather than an intergovernmental one.

In order to develop a coherent strategy regarding the EEAS it was also decided to regularly put this issue on the agenda of upcoming meetings of the Conference of Presidents, while Parliament President Jerzy Buzek will continue to meet periodically with all the relevant rapporteurs.

Note to editors:

Elmar Brok (EPP, DE) and Guy Verhofstadt (ALDE, BE) have been named rapporteurs for assessing the proposals by Baroness Ashton for “establishing the organisation and functioning of the European External Action Service”. Together they will draw up a non-binding resolution containing this assessment.

Ingeborg Gräßle (EPP, DE) has been appointed rapporteur for changes to the EU Financial Regulation, which will create the legal basis for establishing a budget for the EEAS. The European Parliament has co-decision on this issue and will thus decide on an equal footing with the Council of Ministers on such changes to the Financial Regulation.

Bernhard Rapkay (S&D, DE) has been appointed rapporteur for creating a statute on the basis of which staff can be appointed to the EEAS. Here again, the Parliament has co-decision.

From global payer to global player? What we expect from the EEAS

by Elmar Brok, MEP, rapporteur on EEAS

Originally published in «Global Europe»

Brussels, 15 April 2010. [Link](#)

The European Union is in a decisive phase. We have a big, a unique chance -- the Lisbon Treaty which entered into force last December foresees numerous reforms which could make the EU more coherent, transparent and also more capable to take action in foreign affairs and therefore to become a global player rather than a global payer. The Treaty is predicated on the idea that no nation can tackle today's global challenges alone such as financial crisis, climate change, terrorism, migration, security of energy supply and that the EU therefore must become more coherent and efficient in order to take common actions and to speak with one voice.

Very fast, the new key people were nominated -- Catherine Ashton for the post of the High Representative/Vice-President of the Commission (HR/VP) and Herman van Rompuy for the President of the European Council. But in the following weeks the debates concentrated on details which have not been and which could not have been tackled by the Treaty.

The biggest challenge now is to construct a European External Action Service (EEAS), which is the administrative consequence of three innovations: The President of the European Council, the HR/VP and the recognition of the EU as a legal personality. According to Article 27 § 3 TEU this new diplomatic service has the task to assist

the HR/VP “in fulfilling his mandate”, as outlined in Article 18 of the Treaty.

“Fulfilling the mandate” of the High Representative -- what does this mean in practice? First, one thing: the language used by the Treaty already signals that the EEAS is meant to assist, so it is not an institution or a decision making body. It is a service. As this service shall be created to assist Lady Ashton we have to take into account the nature of her post to understand better what structure would be most convenient for the EEAS. It is a double-hatted function. As High Representative she is representing the Member States and therefore the intergovernmental method. At the same time, as Vice-President of the European Commission, Lady Ashton stands for the community method. The idea behind this is to make the EU more capable to take common positions and common actions in foreign affairs policy and to make the Union's external action more coherent and efficient. It is essential that the EEAS reflects this double-hatted role of Lady Ashton and is established in a way that ensures the Union's coherence and efficiency in foreign affairs.

The EEAS must be a logical extension of the “acquis communautaire” (i.e., the body of EU law accumulated thus far) in the sphere of the Union's external relations, integrate the Common Foreign and Security Policy (CFSP) on one side and the external policies realised in accordance with the Community model on the other side. Some people are afraid that we create a kind of new bureaucratic superpower too big and unhandy to be effective. Therefore one of the main points is to avoid duplications. But duplications can only be avoided if the EEAS co-operates strongly with the European Commission -- as large elements of the future EEAS's duties are currently part of the Commission's competence as development aid and neighbourhood policy. And the Commission possesses the necessary know-how in both budgetary and administrative matters. Therefore the EEAS should integrate all aspects of external policy including development and CFSP/CSDP. It should in this way support the EU in defining a single political strategy addressing the challenges in foreign affairs like regional stability, terrorism, migration, energy security, human rights and many more.

On 25 March Lady Ashton presented a first draft of the EEAS to the Council. It was disappointing from a parliamentary point of view, and a lot of work and negotiations will have to be done to modify it so that it is acceptable for the European Parliament. There are two principle reasons: First of all the accountability of the EEAS towards the Parliament is not addressed. But a coherent and effective foreign policy service must be fully accountable to the Parliament in budgetary and political terms.

Secondly, the proposed structure with an omnipotent secretary general and deputy secretary generals does not provide the politically legitimised deputies that the High Representative needs in order to do her job properly. What is needed are political deputies that can engage on her behalf with both Parliament and partners in third countries. The HR/VP should be able to deploy her deputies according to the matter concerned. If something falls exclusively or prevaingly in the Commission's area of responsibility, Lady Ashton should be able to be represented by one of the three Commissioners engaged in external relations (Development, Neighbourhood, Humanitarian Aid). But if it falls clearly under the CFSP, Lady Ashton should clearly consult and, if necessary, be represented by one of her deputies, nominated quasi politically on the basis of Article 33 TEU, as proposed by the Parliament.

By now, we can't foresee the development of the EEAS -- it still has to be filled with life. The theoretical framework is only the first step. What we urgently need now is the political support for the EEAS as a diplomatic representation of our common interests in the world. Therefore we should now concentrate and co-operate to achieve with the shortest possible delay an overall agreement on the organisational, administrative and legal structure of the EEAS with all actors involved -- the HR/VP, the Commission, the Council with the Member States and the Parliament.

If we succeed to develop a coherent policy and to bundle the competencies and expertise of Council, Commission and Member States under parliamentary control, the EEAS could become an excellent foreign policy instrument and the EU would finally convert from a global payer to a global player which can accomplish the interests of the EU's citizens on a global level and ensure security and welfare within the EU.

Elmar Brok is a Member of the European Parliament for the EPP and the Parliament's rapporteur on the EEAS

Medvedev-Obama Joint News Conference on new START treaty

Prague, 8 April 2010. [Link](#)

[Extracts]

PRESIDENT OF THE UNITED STATES BARACK OBAMA:

[...]

One year ago this week, I came here to Prague and gave a speech outlining America's comprehensive commitment to stopping the spread of nuclear weapons and seeking the ultimate goal of a world without them. I said then - and I will repeat now - that this is a long-term goal, one that may not even be achieved in my lifetime. But I believed then - as I do now - that the pursuit of that goal will move us further beyond the Cold War, strengthen the global non-proliferation regime, and make the United States, and the world, safer and more secure. One of the steps that I called for last year was the realisation of this treaty, so it's very gratifying to be back in Prague today.

I also came to office committed to "resetting" relations between the United States and Russia, and I know that President Medvedev shared that commitment. As he said at our first meeting in London, our relationship had started to drift, making it difficult to cooperate on issues of common interest to our people. And when the United States and Russia are not able to work together on big issues, it's not good for either of our nations, nor is it good for the world.

Together, we've stopped that drift, and proven the benefits of cooperation. Today is an important milestone for nuclear security and non-proliferation, and for US-Russia relations. It fulfills our common objective to negotiate a new Strategic Arms Reduction Treaty. It includes significant reductions in the nuclear weapons that we will deploy. It cuts our delivery vehicles by roughly half. It includes a comprehensive verification regime, which allows us to further build trust. It enables both sides the flexibility to protect our security, as well as America's unwavering commitment to the security of our

European allies. And I look forward to working with the United States Senate to achieve ratification for this important treaty later this year.

Finally, this day demonstrates the determination of the United States and Russia - the two nations that hold over 90 percent of the world's nuclear weapons - to pursue responsible global leadership. Together, we are keeping our commitments under the Nuclear Non-Proliferation Treaty, which must be the foundation for global non-proliferation.

While the New START treaty is an important first step forward, it is just one step on a longer journey. As I said last year in Prague, this treaty will set the stage for further cuts. And going forward, we hope to pursue discussions with Russia on reducing both our strategic and tactical weapons, including non-deployed weapons.

President Medvedev and I have also agreed to expand our discussions on missile defence. This will include regular exchanges of information about our threat assessments, as well as the completion of a joint assessment of emerging ballistic missiles. And as these assessments are completed, I look forward to launching a serious dialogue about Russian-American cooperation on missile defence.

[...]

PRESIDENT OF RUSSIA DMITRY MEDVEDEV:

I fully agree with what my colleague President Obama has just said, that in this hall a few minutes ago a historic event really did occur: the signing of a new Russia-US Treaty on Further Reduction and Limitation of Strategic Offensive Arms. This ten-year agreement will govern what happens in the near future. It replaces the Treaty on strategic offensive arms that has now expired [START 1] and the other Treaty, the Russia-US Strategic Offensive Reductions Treaty [SORT].

[...]

Although the content of the Treaty has been widely publicised, I want to point out once again what we have achieved, because these are very important things. The Treaty allows for 1,550 weapons to be deployed by each side, which is about one-third below the current level. It provides for a total of 700 deployed intercontinental ballistic missiles (ICBMs), deployed submarine-launched ballistic missiles (SLBMs) and heavy bombers. This is less than half the previous level. Finally there is a limit of 800 deployed and non-deployed launchers for such missiles, as well as deployed and non-deployed heavy bombers -- again, less than half the level that existed before the signing of the Treaty. At the same time, each party shall independently determine the composition and the structure of its strategic offensive arms. These are the essentials of the agreement.

The Treaty also establishes data exchange provisions. This is an issue my colleagues and I know inside out. We talked so much about telemetry that now we are real experts in this field, perhaps the best in the world. The Treaty also lays out measures relating to conversion and the elimination of inspection and verification procedures, and of course confidence-building measures. The verification mechanism is now simpler and less expensive as compared to the previous treaty, but at the same time it provides for proper verification, irreversibility and verifiability, and of course transparency of the process of reducing strategic offensive arms.

We believe – and our American partners are well aware of this; we said it quite openly – that the Treaty can be effective and viable only if the US refrains from increasing its missile defence capabilities quantitatively or qualitatively in such a way that threatens the potential of Russia's strategic nuclear forces. This is the essence of the Russian Federation's Statement [on Missile Defence] made in connection with the signing of the Treaty and which will of course be published.

We regard our main task after the signing of the Treaty to be its ratification, as the President of the United States has just said. It's not just signing the Treaty that's important but also synchronising the process of its ratification. As I understand it, our American partners intend to submit this document to the Senate for consideration as soon as possible. We will also work with our Federal Assembly [Russian parliament] to maintain the necessary dynamics of the ratification process. In general, we are satisfied with the work we have done – this is a good result.

Related Document:

Treaty between the Russian Federation and the United States of America on Measures for the Further Reduction and Limitation of Strategic Offensive Arms [Access here.](#)

Statement by the Russian Federation on Missile Defence

Russian Presidency press release
Moscow, 8 April 2010. [Link](#)

The Treaty between the Russian Federation and the United States of America on the Reduction and Limitation of Strategic Offensive Arms signed in Prague on April 8, 2010, can operate and be viable only if the United States of America refrains from developing its missile defence capabilities quantitatively or qualitatively.

Consequently, the exceptional circumstances referred to in Article 14 of the Treaty include increasing the capabilities of the United States of America's missile defence system in such a way that threatens the potential of the strategic nuclear forces of the Russian Federation.

EU Foreign Affairs Council conclusions on Kyrgyzstan

Luxembourg, 26 April 2010. [Link](#)

1. The Council has closely followed the recent events in Kyrgyzstan. The Council regrets the loss of life and remains concerned by the fragile situation in the country. The Council appreciates the close and successful coordination between the EU, OSCE, and the UN in Kyrgyzstan in the immediate aftermath of the unrest.

2. The Council underlines the importance of an early return to public order in Kyrgyzstan under a democratic government that fully respects the rule of law and human rights. The Council calls on the provisional government to abide by all Kyrgyzstan's international obligations and commitments in that regard.

3. The Council welcomes the provisional government's announcement to work on constitutional reform and rapidly lay the proper groundwork for democratic elections. The Council calls on the provisional government to take into account the relevant expert opinions of ODIHR and the Venice Commission in organising the constitutional referendum and the parliamentary elections announced for 27 June and 10 October 2010 respectively.

4. The Council looks forward to concrete action by the provisional government in the areas mentioned above and stands ready to support implementation of these objectives with assistance measures, including in the framework of the EU Strategy for Central Asia.

5. The EU will continue to follow the situation in Kyrgyzstan closely and will coordinate its actions with relevant international organisations and other international actors.

BRIC Summit Communiqué

Brasilia, 15 April 2010. [Link](#)

We, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India and the People's Republic of China, met in Brasilia on 15 April 2010 to discuss major issues of the international agenda as well as concrete steps to move forward the cooperation and coordination within BRIC.

We have agreed on the following:

Common Vision and Global Governance

1. We share the perception that the world is undergoing major and swift changes that highlight the need for corresponding transformations in global governance in all relevant areas.

2. We underline our support for a multipolar, equitable and democratic world order, based on international law, equality, mutual respect, cooperation, coordinated action and collective decision-making of all States.

3. We stress the central role played by the G20 in combating the crisis through unprecedented levels of coordinated action. We welcome the fact that the G20 was confirmed as the premier forum for international economic coordination and cooperation of all its member states. Compared to previous arrangements, the G20 is broader, more inclusive, diverse, representative and effective. We call upon all its member states to undertake further efforts to implement jointly the decisions adopted at the three G20 Summits.

We advocate the need for the G20 to be proactive and formulate a coherent strategy for the post-crisis period. We stand ready to make a joint contribution to this effort.

4. We express our strong commitment to multilateral diplomacy with the United Nations playing the central role in dealing with global challenges and threats. In this respect, we reaffirm the need for a comprehensive reform of the UN, with a view to making it more effective, efficient and representative, so that it can deal with today's global challenges more effectively. We reiterate the importance we attach to the status of India and Brazil in international affairs, and

understand and support their aspirations to play a greater role in the United Nations.

5. We believe the deepened and broadened dialogue and cooperation of the BRIC countries is conducive not only to serving common interests of emerging market economies and developing countries, but also to building a harmonious world of lasting peace and common prosperity. We have agreed upon steps to promote dialogue and cooperation among our countries in an incremental, proactive, pragmatic, open and transparent way.

International Economic and Financial Issues

6. The world economic situation has improved since our first meeting in June 2009, in Ekaterinburg. We welcome the resumption of economic growth, in which emerging market economies are playing a very important role. However, we recognize that the foundation of world economic recovery is not yet solid, with uncertainties remaining. We call upon all states to strengthen macroeconomic cooperation, jointly secure world economic recovery and achieve a strong, sustainable and balanced growth. We reiterate our determination to make positive efforts in maintaining domestic economic recovery and promoting development in our own countries and worldwide.

7. We underline the importance of maintaining relative stability of major reserve currencies and sustainability of fiscal policies in order to achieve a strong, long-term balanced economic growth.

8. We are convinced that emerging market economies and developing countries have the potential to play an even larger and active role as engines of economic growth and prosperity, while at the same time commit to work together with other countries towards reducing imbalances in global economic development and fostering social inclusion.

9. G20 members, with a significant contribution from BRIC countries, have greatly increased resources available to the IMF. We support the increase of capital, under the principle of fair burden-sharing, of the International Bank for Reconstruction and Development and of the International Finance Corporation, in addition to more robust, flexible and agile client-driven support for developing economies from multilateral development banks.

10. Despite promising positive signs, much remains to be done. We believe that the world needs today a reformed and more stable financial architecture that will make the global economy less prone and more resilient to future crises, and that there is a greater need for a more stable, predictable and diversified international monetary system.

11. We will strive to achieve an ambitious conclusion to the ongoing and long overdue reforms of the Bretton Woods institutions. The IMF and the World Bank urgently need to address their legitimacy deficits. Reforming these institutions' governance structures requires first and foremost a substantial shift in voting power in favor of emerging market economies and developing countries to bring their participation in decision making in line with their relative weight in the world economy. We call for the voting power reform of the World Bank to be fulfilled in the upcoming Spring Meetings, and expect the quota reform of the IMF to be concluded by the G20 Summit in November this year. We do also agree on the need for an open and merit based selection method, irrespective of nationality, for the heading positions of the IMF and the World Bank. Moreover, staff of these institutions needs to better reflect the diversity of their

membership. There is a special need to increase participation of developing countries. The international community must deliver a result worthy of the expectations we all share for these institutions within the agreed timeframe or run the risk of seeing them fade into obsolescence.

12. In the interest of promoting international economic stability, we have asked our Finance Ministers and Central Bank Governors to look into regional monetary arrangements and discuss modalities of cooperation between our countries in this area. In order to facilitate trade and investment, we will study feasibilities of monetary cooperation, including local currency trade settlement arrangement between our countries.

13. Recent events have shattered the belief about the self-regulating nature of financial markets. Therefore, there is a pressing need to foster and strengthen cooperation regarding the regulation and supervision of all segments, institutions and instruments of financial markets. We remain committed to improve our own national regulations, to push for the reform of the international financial regulatory system and to work closely with international standard setting bodies, including the Financial Stability Board.

International Trade

14. We stress the importance of the multilateral trading system, embodied in the World Trade Organization, for providing an open, stable, equitable and non discriminatory environment for international trade. In this connection, we commit ourselves and urge all states to resist all forms of trade protectionism and fight disguised restrictions on trade. We concur in the need for a comprehensive and balanced outcome of the Doha Round of multilateral trade talks, in a manner that fulfills its mandate as a "development round", based on the progress already made, including with regard to modalities. We take note and strongly support Russia's bid for accession to the WTO. Development

15. We reiterate the importance of the UN Millennium Declaration and the need to achieve the Millennium Development Goals (MDGs). We underscore the importance of preventing a potential setback to the efforts of poor countries aimed at achieving MDGs due to the effects of the economic and financial crisis. We should also make sustained efforts to achieve the MDGs by 2015, including through technical cooperation and financial support to poor countries in implementation of development policies and social protection for their populations. We expect the UN MDG Summit, in September 2010, to promote the implementation of MDGs through policy recommendations. We stress that sustainable development models and paths of developing countries should be fully respected and necessary policy space of developing countries should be guaranteed.

16. The poorest countries have been the hardest hit by the economic and financial crisis. The commitments regarding the aid to the developing states, especially those related to the MDGs, should be fulfilled, and there should be no reduction in development assistance. An inclusive process of growth for the world economy is not only a matter of solidarity but also an issue of strategic importance for global political and economic stability.

Agriculture

17. We express our satisfaction with the Meeting of Ministers of Agriculture and Agrarian Development in Moscow, where they

discussed ways of promoting quadripartite cooperation, with particular attention to family farming. We are convinced that this will contribute towards global food production and food security. We welcome their decision to create an agricultural information base system of the BRIC countries, to develop a strategy for ensuring access to food for vulnerable population, to reduce the negative impact of climate change on food security, and to enhance agriculture technology cooperation and innovation.

Fight against poverty

18. We call upon the international community to make all the necessary efforts to fight poverty, social exclusion and inequality bearing in mind the special needs of developing countries, especially LDCs, small islands and African Countries. We support technical and financial cooperation as means to contribute to the achievement of sustainable social development, with social protection, full employment, and decent work policies and programmes, giving special attention to the most vulnerable groups, such as the poor, women, youth, migrants and persons with disabilities.

Energy

19. We recognize that energy is an essential resource for improving the standard of living of our peoples and that access to energy is of paramount importance to economic growth with equity and social inclusion. We will aim to develop cleaner, more affordable and sustainable energy systems, to promote access to energy and energy efficient technologies and practices in all sectors. We will aim to diversify our energy mix by increasing, where appropriate, the contribution of renewable energy sources, and will encourage the cleaner, more efficient use of fossil fuels and other fuels. In this regard, we reiterate our support to the international cooperation in the field of energy efficiency.

20. We recognize the potential of new, emerging, and environmentally friendly technologies for diversifying energy mix and the creation of jobs. In this regard we will encourage, as appropriate, the sustainable development, production and use of biofuels. In accordance with national priorities, we will work together to facilitate the use of renewable energy, through international cooperation and the sharing of experiences on renewable energy, including biofuels technologies and policies.

21. We believe that BRIC member countries can cooperate in training, R&D, Consultancy services and technology transfer, in the energy sector.

Climate Change

22. We acknowledge that climate change is a serious threat which requires strengthened global action. We commit ourselves to promote the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change and the 6th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, in Mexico, to achieve a comprehensive, balanced and binding result to strengthen the implementation of the Convention and the Protocol. We believe that the Convention and the Protocol provide the framework for international negotiations on climate change. The negotiations in Mexico should be more inclusive, transparent, and should result in outcomes that are fair and effective in addressing the challenge of climate change, while reflecting the principles of the Convention, especially the principle of equity and common but differentiated responsibilities.

Terrorism

23. We condemn terrorist acts in all forms and manifestations. We note that the fight against international terrorism must be undertaken with due respect to the UN Charter, existing international conventions and protocols, the UN General Assembly and Security Council resolutions relating to international terrorism, and that the prevention of terrorist acts is as important as the repression of terrorism and its financing. In this context, we urge early conclusion of negotiations in the UN General Assembly of the Comprehensive Convention on International Terrorism and its adoption by all Member States.

24. Brazil and China express their sympathy and solidarity with the people and Governments of Russia and India which suffered from recent barbaric terrorist attacks. Terrorism cannot be justified by any reason.

Alliance of Civilizations

25. We affirm the importance of encouraging the dialogue among civilizations, cultures, religions and peoples. In this respect, we support the "Alliance of Civilizations", a United Nations' initiative aimed at building bridges, mutual knowledge and understanding around the world. We praise the Brazilian decision to host, in Rio de Janeiro, in May 2010, the 3rd Global Forum and confirm our intention to be present at the event, in appropriate high level.

Haiti

26. We reaffirm our solidarity towards the Haitian people, who have been struggling under dire circumstances since the earthquake of January 12th, and reiterate our commitment to gather efforts with the international community in order to help rebuilding the country, under the guidance of the Haitian government, and according to the priorities established by the Action Plan for National Recovery and Development of Haiti.

Cooperation

27. We welcome the following sectoral initiatives aimed at strengthening cooperation among our countries:

- a) the first Meeting of Ministers of Agriculture and Agrarian Development;
- b) the Meetings of Ministers of Finance and Governors of Central Banks;
- c) the Meetings of High Representatives for Security Issues;
- d) the I Exchange Program for Magistrates and Judges, of BRIC countries, held in March 2010 in Brazil following the signature in 2009 of the Protocol of Intent among the BRIC countries' Supreme Courts;
- e) the first Meeting of Development Banks;
- f) the first Meeting of the Heads of the National Statistical Institutions;
- g) the Conference of Competition Authorities;
- h) the first Meeting of Cooperatives;

- i) the first Business Forum;
- j) the Conference of think tanks.

28. We also endorse other important manifestations of our desire to deepen our relationship, such as:

- a) the joint publication by our respective national statistical institutions which is going to be released today;
- b) a feasibility study for developing a joint BRIC encyclopedia.

29. We reaffirm our commitment to advance cooperation among BRIC countries in science, culture and sports.

30. We express our confidence in the success of the 2010 World Expo in Shanghai, the 2010 Commonwealth Games in New Delhi, the 2013 World Student Games in Kazan, the 2014 Winter Olympic and Paralympic Games in Sochi, the FIFA 2014 World Cup in Brazil and the 2016 Olympic and Paralympic Games in Rio de Janeiro.

31. We reaffirm the efforts to strengthen our cooperation and assistance for reduction of natural disasters. Russia and India express their condolences and solidarity with the people and Governments of Brazil and China, for the lives lost in the mudslide in Rio de Janeiro, Brazil, and in the earthquake in Yushu, China.

III BRIC Summit

32. Brazil, Russia and India appreciate the offer of China to host the III BRIC Summit in 2011.

33. Russia, India and China express their profound gratitude to the Government and people of Brazil for hosting the II BRIC Summit.

Lisbon five months on: Surveying the new EU political scene

Piotr Maciej Kaczynski

EPIN Commentary, No. 5, 29 April 2010. [Link](#)

[Abstract]

The Treaty of Lisbon entered into force five months ago, introducing six major institutional innovations that were supposed to make the Union more efficient, more transparent and increase its legitimacy. Twelve authors from the European Policy Institutes Network consider how the 'new' Europe is shaping up and whether it is likely to have any more appeal for European citizens.

Turkey's Genocide Diplomacy: What's in a word?

Piotr Zalewski

CEPS Commentary, 20 April 2010. [Link](#)

[Abstract]

Turks see the issue of genocide recognition as a matter of national pride and international prestige. This commentary finds, however, that their government has failed to accept that what most hurts Turkey's standing in the world is not international recognition of the Armenian genocide, but rather the country's inability to face up to its history.

Piotr Zalewski is a freelance journalist and researcher at European Stability Initiative (ESI). In the spring of 2009, ESI published "Noah's Dove Returns. Armenia, Turkey and the Debate on Genocide", a paper on Turkey's troubled relations with Armenia.

Pain in Poland

Piotr Maciej Kaczynski

CEPS Commentary, 13 April 2010. [Link](#)

[Abstract]

On April 10th, the President of Poland Lech Kaczynski and 95 others, including senior government officials, political leaders and Polish patriots, were killed in a plane crash near Smolensk, Russia. This Commentary offers an analysis of the aftermath of this tragedy, focusing on the President's legacy, the future of Polish-Russian relations and the continuity of power in the country.

Russia in Europe and the West

Michael Emerson

CEPS Commentary, 1 April 2010. [Link](#)

[Abstract]

In his latest CEPS Commentary, Michael Emerson speculates that circumstances are propitious for a new and positive turn to Russia's relations with Europe and the transatlantic community. As evidence, he cites Russia's belated ratification of Protocol 14 of the Convention on the European Court of Human Rights and the suggestion from influential German personalities that the question of NATO membership for Russia should be put back on the agenda.

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