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Government Response to House of Lords EU Committee Report: The EU and Russia: before and beyond the crisis in Ukraine, published 20 February 2015.

The Government welcomes this report, which covers a major foreign policy challenge. It is an important contribution to the debate on the subject of EU-Russia relations. The Government agrees with a great deal, but not all, of the report's findings.

The response is structured in four chapters, which mirror the four chapters of the report, in order to address overarching themes as well as individual conclusions. It addresses all conclusions, and other relevant issues of the report, which we felt required a response. The report's conclusions appear at the top of each chapter in bold text.

The state of the EU-Russia relationship	page 2
The shared neighbourhood	page 10
The crisis in Ukraine and the EU's response	page 15
Basis of a future relationship	page 24

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THE STATE OF THE EU-RUSSIA RELATIONSHIP

Russia

1. **Russia is increasingly defining itself as separate from, and as a rival to, the EU. Its Eurasian identity has come to the fore and Russia perceives the EU as a geopolitical and ideological competitor. The model of European ‘tutelage’ of Russia is no longer possible.**

European Union

2. **The EU’s relationship with Russia has for too long been based on the optimistic premise that Russia has been on a trajectory towards becoming a democratic ‘European’ country. This has not been the case. Member States have been slow to reappraise the relationship and to adapt to the realities of the Russia we have today. They have allowed the Commission’s programmes to roll over with inadequate political oversight.**
3. **The present institutional structures have not deepened understanding, given each side confidence in the other, or provided for the resolution of emergent conflicts.**
4. **There has been a decline in Member States’ analytical capacity on Russia. This has weakened their ability to read the political shifts and to offer an authoritative response. Member States need to rebuild their former skills.**
5. **While there has been an increase in staff at the FCO to deal with Ukraine and Russia, we have not seen evidence that this uplift is part of a long-term rebuilding of deep knowledge of the political and local context in Russia and the region. We recommend that the FCO should review how its diplomats and other officials can regain this expertise.**
6. **There is also a reduced emphasis on the importance and role of analytical expertise in the FCO. The FCO should review how such skills could be renewed and how analysis can feed into decision-making processes.**
7. **The current division of competences within the EU, whereby both the Commission and Member States have responsibility for different aspects of the EU-Russia relationship, complicates co-operation with Russia. Russia finds the institutional complexities of the EU difficult to navigate and would prefer to deal with Member States on a bilateral basis. The Commission rightly has some areas of exclusive competence, in trade in particular, but it**

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must be clearly mandated by Member States who should take ownership of the policy and signal it to Russia.

Current relationship: divided Member States

8. As one of the four signatories of the Budapest Memorandum (1994), which pledged to respect Ukraine's territorial integrity, the UK had a particular responsibility when the crisis erupted. The Government has not been as active or as visible on this issue as it could have been.
9. We welcome the Government's realistic appraisal of relations with Russia and recognition of the strategic challenge posed by the Russian regime. However, the Government has not developed a strategic response for the long-term and should now do so.

Building Member State unity

10. Recent events in Ukraine have triggered a fundamental reassessment of EU-Russia relations among Member States, who have shown a surprising and welcome unity in condemning Russian actions and demanding a response. We hope that this unity continues. However, there seems to be less consensus on a constructive way forward, and a resulting danger that current unity could dissolve.
11. Europe is at the centre of the crisis in Ukraine and relations with Russia. The handling of future relations is a key test for European diplomacy and foreign policy, yet hitherto divisions between Member States have been the most important factor hampering development of a strategic EU policy on Russia. In the long term, only a dual approach, with Member States acting together as well as using their bilateral connections in the service of EU policy, will be effective. The first step must be to maintain solidarity on current policy and to continue to seek a common approach in the response to the crisis. There is a real danger that once the crisis ebbs away Member States will continue to prioritise their economic relations above their shared strategic interests.
12. We see merit in proposals that the President of the European Council, carrying the authority of the Member States, should take the lead in shaping the EU's policy towards Russia. We recommend that the UK Government should strongly support such a move and bring forward a proposal at the EU level to bolster the role of the President of the European Council on Russia.
13. The very fact of the European Council exercising its decision-making processes and strategic thinking on Russia will, by demonstrating the engagement of Member States, send an important message to the Russian

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government. To maintain political oversight, we recommend that the UK Government should ensure that a discussion on Russia is regularly placed on the agenda of the European Council.

- 14. The starting point for reviewing the EU's policy towards Russia should be a common analysis, with a view to identifying shared strategic interests and vulnerabilities. The analysis would form the basis of a strategic framework on Russia. We recommend that the UK Government should ask the European Council to commission this analysis from the European External Action Service.**

Russia's world view

The Government agrees with the Committee's assessment that Russia perceives the EU as a competitor. The crisis in Ukraine is not an aberration, but the latest example of a Russian world view that is increasingly divergent – in values, norms and approach – to our own. Russia does not accept the sovereign equality of states in our shared neighbourhood and therefore its actions towards Ukraine have flouted the international rules-based order.

We do not seek confrontation with Russia. Indeed we must work actively to ensure that does not happen. No one believes isolating Russia is in our interests.

But we need to accept that the long term objective of forming a strategic partnership with Russia based upon shared values is not realistic. We need a new, recalibrated relationship with Russia that protects our interests and makes a more sober assessment of where and how we can cooperate with Russia.

Basis of the EU-Russia relationship

As noted in the report, the basis of the EU's relationship with Russia was the 1994 Partnership and Cooperation Agreement (PCA). This document was signed with a 10 year lifespan, on the assumption that Russia was a country seeking to modernise, move closer to European values and market structures and integrate itself more with the EU (without necessarily seeking membership). While the initial results were promising, towards the end of the life of the document Russia reversed course, focusing more inwardly. Between 2004 and 2014, efforts were made to agree to a new document setting out a structure to the relationship, but those efforts stalled.

The biannual EU-Russia summits continued, but accomplished little. Within that period, Russia acceded to a number of international institutions, including the WTO, with the support of the EU, and took on a number of commitments which remain unfulfilled. These were frequently discussed at summit meetings, but with

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little progress made. The EU's focus was around issues such as fulfilment of Russian WTO obligations to the EU, market liberalisation and strengthened democracy. Russia's focus tended to be around issues such as visa liberalisation and exemptions from energy rules (the Third Energy Package). It is also worth noting that the Eastern Partnership was on the agenda for each one of these summit meetings.

We disagree with the arguments made by Russian Ambassador to the EU, Vladimir Chizhov, that negotiations with the EU on a 'New Basic Agreement' stalled because the EU tried to impose further trade liberalisation on Russia. The EU's primary ask of Russia was to implement the terms agreed with the EU upon its accession to the WTO. This deal included the removal of a number of discriminatory tariffs, such as vehicle recycling fees (which favour Russian vehicle markets) and Siberian overflight fees (taxing airlines for flying over Russian territory – worth approximately \$1 million per day to Russia). To this day, these obligations remain unfulfilled in spite of Russian membership of the WTO – a situation which only serves to make the Russian market less desirable for EU investors. Russia's failure to implement these obligations made any discussions on a New Basic Agreement difficult to progress.

We agree with other witnesses that it is clear that the EU struggled to change its hope of a convergence of values and to appreciate what Putin's Russia was seeking to do. While it is unlikely that we would have found other common ground on which a 'partnership' might have been formed, the EU could have adjusted its approach to better achieve our goals and increase people to people links in the process.

We do not agree with the accusation that the UK and the EU 'sleepwalked' into the current crisis. The crisis in Ukraine was not a result of EU actions or the proposed signature of the EU-Ukraine Association Agreement (AA), including the Deep and Comprehensive Free Trade Area (DCFTA), in November 2013. The blame lies squarely with Russia and the 'separatists' that they support.

Russia had ample opportunity, since Ukraine and the EU started working towards an AA in 2007, to voice its concerns at either a political or a technical level. This was an open, transparent process. The EU and Russia discussed the AA and DCFTA several times and the EU sought to dispel myths. In particular, the EU and the UK have always been clear with Russia that a closer EU-Ukraine relationship need not be at the cost of the Ukraine-Russia relationship. Meanwhile the EU sought to build a co-operative long-term wider relationship with Russia on the

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basis of a New Enhanced Agreement to replace the EU-Russia Partnership and Co-operation Agreement.

Russia did not voice strong concerns regarding the AA/DCFTA until the run up to the Vilnius summit in November 2013. No one could have predicted the speed or scale of the events that followed. Under pressure from Moscow, Ukrainian President Yanukovich declined to sign the AA. When the people of Ukraine took to Maidan to express their democratic right to demand a new course for their country's future, Yanukovich sought to repress brutally the demonstrations. Altogether over 100 people lost their lives, with the majority of fatalities occurring between 18-21 February 2014. Yanukovich's regime disintegrated shortly afterwards, and he fled to Russia.

It was in response to Yanukovich's departure that Russia took the extreme decision to illegally annex Crimea. Indeed, by his own recent admission, President Putin's orders were hastily issued only a day after Yanukovich's departure.

Foreign and Commonwealth Office analytical capability

A criticism in the Committee's report is that the Foreign and Commonwealth Office, and the EU, lacked sufficient analytical capacity on Russia, and therefore an understanding of the political realities. Though we have rightly increased resource and analytical focus on the Middle East, Afghanistan and Africa in recent years, we have not taken our eyes off Russia. However, simply due to the passage of time, there are very few officials in any government department or agency with direct professional experience of working with the old Soviet Union before it collapsed.

Since 2010 the Foreign and Commonwealth Office has increased from 43 to 56 the number of Russian speakers posted to Russia and the former Soviet Union. And earlier this year the Foreign and Commonwealth Office launched an Eastern Europe and Central Asia cadre of officials – already counting 400 members – designed to pool experience, and ensure that officials working on this region have the support and skills to lead first class foreign policy towards Russia and the region.

In the last eleven years, the EU as a whole has absorbed lifetimes of experience of officials working with Russia and the Soviet Union, through the accession of the Baltic States, the Visegrad Four, and Black Sea states.

Russia's understanding of the EU

Although the nature of the EU has developed over the last 25 years, particularly following the Lisbon Treaty, the EU is a transparent organisation, with its treaties

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and documents all listed online. Russian Ministers enjoyed significant access to EU Commissioners – particularly through the biannual summits. We accept that Russia tends to exhibit a preference for bilateral diplomacy over engaging with EU institutions. Indeed, we have seen clearly over the last 18 months how Russia seeks to use bilateral diplomacy to divide the EU and to increase its influence over particular member states. But we believe this is more indicative of its policy preferences rather than an inability to navigate the institutional structures of the EU.

The UK's active role

We do not agree with the report that the UK has been insufficiently active or visible in its approach to the crisis in Ukraine. The UK is playing, and has played, a key role in addressing the crisis in Ukraine both bilaterally and in the EU, the UN, the OSCE and NATO.

- Political support: There have been several visits by the Foreign Secretary and the Minister for Europe to Ukraine since the beginning of the crisis, the latest by the Foreign Secretary to Kyiv on 5 March 2015 when he discussed developments with President Poroshenko, Prime Minister Yatseniuk and Foreign Minister Klimkin. The Prime Minister met President Poroshenko on 22 May 2015 in Riga and Prime Minister Yatseniuk on 15 July 2015 in London to reinforce our support. In his phone call with President Putin on 25 May 2015 the Prime Minister made clear that we continued to have deep concerns over Russia's actions in Ukraine, and stressed that the immediate priority was to deliver full implementation of the Minsk agreement. We have been supportive of the 'Normandy Format' process since it began last year, which is the only diplomatic process in play in working towards a resolution to the crisis.
- Leading the debate on sanctions: From the outset of this crisis, the UK has been at the forefront of orchestrating a robust EU response to Russia's illegal actions in Crimea and in eastern Ukraine, including through tough sanctions. This pressure, together with the fall in oil prices and Russia's own structural problems, delivers real economic pressure on Russia. Until Russia fully meets its commitments made under the Minsk agreements, we are clear that the full pressure of sanctions must remain. We and our partners in the G7 and EU have also made clear our readiness to take further measures against Russia if necessary.
- NATO: At the NATO 2014 Summit, the UK committed to lead the C4 Trust Fund (Command, Control, Communications and Computers), one of

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four new Trust Funds, the details of which are currently being finalised. We are making a major contribution to the NATO Very High Readiness Joint Task Force (VJTF). The UK will lead the 'spearhead' force in 2017 with a contribution numbering up to 3,000 personnel. We have also committed to providing a minimum of a Battle Group of 1,000 personnel for the VJTF each year into the next decade. UK contribution to NATO Assurance Measures for eastern allies is second only to the US. We deployed over 4,000 personnel on exercises in 2015 and deployed Typhoons to the Baltic Air Policing Mission and will do so again in 2016. NATO members are also supporting Ukraine with a much broader range of non-military measures, including technical assistance, economic support and through robust sanctions against Russia. NATO's presence in Eastern Europe is at the request of our eastern Allies, and highlights the importance of NATO's role in upholding and promoting our collective defence.

- Technical support: The DFID Ukraine Programme (established in February 2014 for two years) is worth £10 million and focuses on providing technical assistance to support economic and governance reforms in Ukraine, as well as humanitarian assistance. This includes a £4.3 million managed funding mechanism to rapidly mobilise technical expertise in support of economic and governance reforms; a £2 million trust fund with the World Bank to support procurement reform in order to combat corruption and simplify regulatory requirements for businesses; and a £1 million partnership with the German Government to support public financial management reform. The £13 million Ukraine and Moldova Conflict, Stability and Security Fund, launched in April 2015, will provide a credible and effective response to conflict, insecurity and instability in the region as well as promote improvements in transparency and accountability in government through public engagement and peace-building, communications, defence reform, and support to multilateral organisations such as the OSCE and the EU. On 25 March 2015 the Prime Minister announced that the UK would be launching the Good Governance Fund, a new multi-year programme, providing up to £20 million in the first year (2015/16), to provide expert advice, training and assistance to the governments of Ukraine, Georgia, Moldova, Serbia and Bosnia and Herzegovina. The new fund will support activities such as: strengthening the rule of law; liberalisation and modernisation of key sectors; reform of tax systems; improving transparency; and strengthening independent media.
- Military support: On 6 March 2015 the Defence Secretary announced a new non-lethal equipment package for the Ukraine Armed Forces (UAF)

OFFICIAL

including night vision goggles, protective helmets, medical kits, laptops and GPS. On 24 February 2015 the Prime Minister announced he would send advisory and short-term training teams to build the capacity and resilience of the UAF. These British Service personnel are providing advice and training from tactical intelligence to logistics to medical care. And as part of this increased effort, we will also be developing an infantry training programme with Ukraine to improve their forces' ability to defend themselves. This is in addition to the three other packages of non-lethal equipment we sent to Ukraine in 2014-15.

- Humanitarian support: On 23 February 2015 the Prime Minister announced that the UK would provide an additional £15 million of humanitarian support. The package includes: £2 million to improve emergency primary health care services in areas affected by the conflict; £2 million for the emergency humanitarian assistance in eastern Ukraine; £1 million for food and emergency shelter distributions, and child protection activities; and £10 million to be distributed through partners selected as part of the Ukraine Humanitarian Response Plan launched by the UN and the Government of Ukraine on 24 February 2015.

Member state unity

We agree with the report on the importance of EU unity. It is true that there are differences amongst EU Member States in relation to Russia. But through the crisis, the process of discussion and negotiation has enabled the EU to converge around a strong and unified approach which has sent a clear message to Russia that its illegal actions will not be tolerated. The EU has demonstrated a sustained commitment to sanctions against Russia (as evidenced by the decision at the June Foreign Affairs Council to extend EU Tier III sanctions by a further six months) and has consistently maintained that Russia must fulfil all its obligations in the Minsk agreements in order to resolve this crisis.

The EU has made clear that it will not recognise Russia's illegal annexation of Crimea. It has made clear the connection between sanctions and Russia's full implementation of its obligations made under the Minsk agreements.

OFFICIAL

THE SHARED NEIGHBOURHOOD

Russia's role in the shared neighbourhood

- 15. While we are clear that NATO is a defensive alliance, for the Russians NATO is seen as a hostile military threat, and successive rounds of NATO's eastern enlargement have, as the Russians see it, brought it threateningly close to the Russian border. EU enlargement, as it has become conflated with NATO enlargement, has also taken on the aspect of a security threat. These views are sincerely and widely held in Russia, and need to be factored into Member States' strategic analyses of Russian actions and policies.**
- 16. The responsibility for European defence remains with Member States and NATO. Hostile actions of any kind by the Russian government towards the Baltic states must be met by Member States and NATO with a strong response.**
- 17. The historical grievance of the rights of ethnic Russians in Estonia and Latvia offers the Russian government a convenient pretext which could be used to justify further destabilising actions in those states. On the basis of the evidence we have taken, there does, prima facie, seem to be a question to be investigated, in particular whether more steps could be taken to facilitate access to citizenship for ethnic Russians who have long-established residency in these states, but limited ability in the official language.**

Eurasian Union

- 18. The Eurasian Union is a project to build Russian regional influence in competition with the EU's own arrangements with partner countries. The current incompatibility that is structured into the economic arrangements between the two blocs is in danger of creating new dividing lines on the continent.**
- 19. The European Commission has been hesitant to engage officially with the Eurasian Union. We judge that the EU should reconsider this approach. We recommend that the Commission should track the development of the Eurasian Union and put forward a proposal to the European Council outlining the basis on which formal contacts could be initiated.**
- 20. However, we recognise that enabling the two trading blocs to work together is further complicated because Russia is not assiduous in obeying its WTO obligations.**

OFFICIAL

Reviewing the EU's instruments in the shared neighbourhood

- 21. In the review of the neighbourhood policy, the EU and Member States face a strategic question of whether Europe can be secure and prosperous if Russia continues to be governed as it is today. Whatever the present Russian government's real intentions may be, Russia's internal governance and its resulting threat perceptions create geopolitical competition in the neighbourhood. The EU's capacity to influence the internal politics of Russia is limited, and Member States have not demonstrated an appetite to make the attempt. Therefore, if influencing Russia's future governance is not on the agenda, Member States instead need to devise a robust and proactive policy to manage competition with Russia in the shared neighbourhood.**
- 22. The first step is for the EU to distinguish between the legitimate and the illegitimate security interests of Russia. Moscow has a right not to be excluded from the eastern neighbourhood. However, it does not have the right to deny or threaten the sovereign rights of its neighbours.**
- 23. A strategy to promote reform in the neighbourhood must be matched with a new effort to rebuild relations with Russia. We recommend that the upcoming review of the European Neighbourhood Policy, to be undertaken by the High Representative and the Commission, should consider forums whereby Russia, the EU and the neighbouring countries can work together on regional issues.**
- 24. Member States must be closely engaged in the process. As part of the review, Member States should take advantage of the pause in enlargement to engage in a fundamental reassessment of their strategic interests in the eastern neighbourhood. There is an unresolved tension between the offer of membership on the table to Eastern Partnership countries and the political will of Member States to follow through, which is not uniform. This creates unrealistic expectations, and complicates Russia's relationship both with these countries and with the EU. Member States must clarify whether EU membership is on offer. This issue should not be left ambiguous in the upcoming review.**
- 25. We recommend that, once the review is complete, the Commission and the European External Action Service should put forward a strategy to communicate the EU's future policies to Russia and the partner countries. This strategy should explain how the Eastern Partnership and, if so decided, future EU enlargement, work to the mutual benefit of the whole region, including Russia.**

OFFICIAL

26. Member States' embassies should also play a greater role in EU policies in the eastern neighbourhood. We recommend that the FCO ensures that its embassies in the region monitor and review Commission programmes in the eastern neighbourhood.

NATO and enlargement

The Government agrees that the Russian Government views both NATO and, possibly to a lesser extent, EU enlargement eastwards as a security threat, and that this view is held by a significant proportion of the Russian population. However, the Government does not believe that this is justified. NATO does not present a security threat to Russia. As the report notes, NATO is a defensive alliance, made up of likeminded members cooperating in a spirit of peace and security. Article 10 of the Washington Treaty enshrined NATO's open door policy by stating that membership should be open to "any other European state in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area." The UK stands by the open door policy, and believes that any state that favours the path of Euro-Atlantic integration and wishes to join either NATO or the EU should be free to apply and be judged on its own merits. We cannot accept that any third party should hold a veto over a sovereign state's right to make its own decisions and choose its own path.

We do recognise that Russia has a different view, and that the UK and fellow NATO and EU Member States should be conscious of that in their strategic approach towards Russia. For that reason, as noted by the Minister for Europe in his evidence session to the Committee, NATO has carried out enlargement in a transparent way by communicating with Russia through the Permanent Joint Council and the NATO-Russia Council. This forum envisaged cooperation by equal partners on shared strategic interests. It is Russia's actions in Ukraine and its illegal annexation of Crimea that have undermined this cooperation.

Rights of Russian speakers in the Baltic States

As highlighted in the report, Russia has held a consistent position on its demands for Russian speakers in the Baltic States since they regained independence, in particular that citizenship should be extended to all legal residents and that the Russian language should be granted official status throughout the Baltic States.

Citizenship is primarily an issue for each state to determine. Estonia and Latvia have made numerous amendments to their citizenship laws since regaining independence, which have extended the categories of people entitled to citizenship and made the naturalisation process easier. The most recent changes in both countries have granted citizenship to those born in their respective countries to

OFFICIAL

non-citizens, and simplified the language exams for those over 65. As Lithuania offered citizenship to all legal residents, they do not receive complaints from Russia on this issue.

Those non-citizen residents of Estonia (6.9% of the total population) and Latvia (12%) face restrictions, particularly in respect of the right to vote in national elections (although Estonian residents can vote in local elections). However, non-citizen residents are able to travel and work within both the Russian Federation and the Schengen area without a visa, which for some non-citizens may represent a significant advantage over the benefits of citizenship, and may therefore be a reason why some decide not to apply for citizenship.

All EU Member States are obliged to meet the EU standard for minority rights and are subject to obligations and monitoring mechanisms. The Council of Europe's Framework Convention for the Protection of National Minorities continual evaluation process reviews Estonia and Latvia's citizenship laws and the treatment of non-citizen residents, and makes recommendations where improvements could be made. The British Embassies in the Baltic States have supported programmes run by their host Governments and NGOs to encourage integration, tolerance, diversity and respect for minorities.

Eurasian Union

The Government remains cautious about the idea of the EU entering into high-level talks with the Eurasian Economic Union (EEU). The two bodies are very different in terms of structure and the degree of genuine harmonisation involved. The EEU has now existed for only a few months. Its own members are reporting uncertainty as to its exact direction. We continue to have concerns about the EEU's compatibility with WTO norms. Any future discussions would need to involve all members of the EEU, not just Russia, and should in no way compromise the sovereign choices of its members.

Eastern Partnership

The Eastern Partnership is being reviewed as part of a wider review of the EU's European Neighbourhood Policy (ENP) which will report in the autumn. We hope that the ENP review will ensure that the best use is made of the Eastern Partnership to support the implementation of real reforms on the ground for the benefit of citizens of Eastern Partnership countries and to bring stability, security and prosperity to them and to us. The Government does not believe that the crisis in Ukraine should require a fundamental reassessment of this objective. A more stable and prosperous neighbourhood is very much in the EU's interests and in the interests of the Eastern Partnership countries and their citizens. The EU's policy of

OFFICIAL

supporting reform-minded countries in the neighbourhood is no threat to Russia. Indeed, like the rest of Europe, Russia will benefit from a more stable, secure and prosperous neighbourhood.

The Government agrees with the report that Russia does not have the right to deny or threaten the sovereign rights of its neighbours. Eastern Partnership countries have a sovereign right to choose the direction in which they travel. The EU should help these countries strengthen their resilience and empower them, and their people, to take control of their future in the face of external challenges. The EU Eastern Partnership Summit held in Riga on 21-22 May 2015 reconfirmed that this is the position of the EU and its Eastern Partners: “In the framework of the European Neighbourhood Policy and the Eastern Partnership, the Summit participants reaffirm the sovereign right of each partner freely to choose the level of ambition and the goals to which it aspires in its relations with the European Union. It is for the EU and its sovereign partners to decide on how they want to proceed in their relations” (paragraph 2 of the Riga Summit Joint Declaration).

Concerning EU’s offer to Eastern Partnership countries, the EU Treaties are very clear that “Any European State which respects the [EU’s] values... and is committed to promoting them may apply to become a member of the Union” (Article 49 TEU). The signing of Association Agreements by Georgia, Moldova and Ukraine is a powerful step towards closer relations between the EU and these countries. In the long term it could assist the path to full EU membership, if that is what their people and governments want, if they are able to implement the requisite economic, political and judicial reforms, and if there is consensus amongst existing EU Member States. Countries must meet all the rigorous conditions of membership in full before joining the EU and in the case of Georgia, Moldova and Ukraine this would be a long term prospect.

The Government agrees that the EU should better communicate the benefits of its policies in the neighbourhood. The Government is working with likeminded EU Member States to sharpen the EU’s approach and the January 2015 Foreign Affairs Council endorsed our call for higher ambition for the EU’s strategic communications, and agreed the establishment of the EU Strategic Communications Team.

The Government also agrees that British Embassies should play a significant role in shaping and delivering the EU’s policies, and monitoring Commission programmes, in the eastern neighbourhood.

OFFICIAL

THE CRISIS IN UKRAINE AND THE EU'S RESPONSE

Lack of political oversight

- 27. An element of ‘sleep-walking’ was evident in the run-up to the crisis in Ukraine, and important analytical mistakes were made by the EU. Officials in Brussels as well as Member States’ embassies all participate in the EU foreign policy process, but all seem to have missed the warning signs. The EU and Member States lacked good intelligence-gathering capacity on the ground. The lack of an integrated and co-ordinated foreign policy was also evident.**
- 28. Collectively, the EU overestimated the intention of the Ukrainian leadership to sign an Association Agreement, appeared unaware of the public mood in Ukraine and, above all, underestimated the depth of Russian hostility towards the Association Agreement. While each of these factors was understood separately, Member States, the European External Action Service and the Commission did not connect the dots.**
- 29. The Russians, on their side, were taken by surprise and misjudged the determination of Member States to sign the Association Agreement. When Russian hostility became explicit, the EU had a very small window of opportunity to act. By that stage, events began to take on a momentum of their own.**

The pivotal and exceptional nature of Ukraine

- 30. It is clear that Russian concerns about the impact of EU trade agreements, while having an economic basis, were also politically driven, while in seeking to address Russian concerns, the Commission was putting forward free-market liberal economic arguments. Both sides were to some extent talking past each other. The absence of Member States’ political oversight during this process is glaring.**

The EU's response to the crisis

- 31. We welcome Member States uniting around an ambitious package of sanctions on Russia.**
- 32. Sanctions need to be part of an overall strategy of diplomacy and a political process, including intensive dialogue on Crimea. This strategy is not yet in place.**

OFFICIAL

- 33. The Russian government is under severe pressure. Internal economic problems, including the falling price of oil, have been worsened by the EU sanctions regime, and are likely to have a very serious impact on the viability of the current government. However, the EU is in danger of having offered President Putin a tool for fomenting further nationalist and anti-EU sentiment.**
- 34. There is no evidence that sanctions have caused President Putin to shift his stance on Crimea, where Russia has direct and vital security interests through the Sevastopol naval base.**
- 35. While EU and US sanctions have been broadly aligned, the US has been prepared to target individuals close to the Russian government. If there is no progress on the Minsk Protocol and the situation in eastern Ukraine continues to deteriorate, the EU should find ways of targeting individuals close to President Putin and consider broadening sectoral sanctions into the Russian financial sector.**
- 36. In the long-term, three-tier sanctions are detrimental to the EU's interests as well as to Russia's. While they could be renewed in the short term, the prospect of the progressive removal of sanctions should be part of the EU's negotiating position. Genuine progress by Russia in delivering the ceasefire in eastern Ukraine should be the basis for ratcheting down sanctions.**

Political support for Ukraine

- 37. The Minsk Protocol is not being implemented, violence is escalating and with it the risk of a de facto annexation of part of Ukraine. A ceasefire, however desirable, is not in itself a permanent solution: the dismemberment of a sovereign independent state is not acceptable.**
- 38. There appears to be tacit acceptance within European and Ukrainian political circles that the priority is to move towards a political process in eastern Ukraine, leaving resolution of the status of Crimea to the medium or long term. We support this ordering of priorities: a political process with Russia on eastern Ukraine is urgent.**
- 39. However, the territorial integrity of Ukraine should not be jeopardised by any tactical steps taken as part of the peace process. As part of the peace process, an international dialogue could be convened to discuss the final status of Crimea. Here the signatories of the Budapest Memorandum, including the UK, could play a useful role.**

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40. The possibility of another referendum on Crimea, under international mediation, is one option. We recognise that there is a danger that any such referendum would be coloured by Russia's domination of the political and media landscape in Crimea. It is critical that there should be an open and honest debate, and that citizens should vote without fear of reprisal. Nevertheless, this option should remain on the table.

Economic support for Ukraine

41. Ukraine's reconstruction will require significantly more resources than have already been committed. We recommend that the United Kingdom should convene urgently an international donor conference for Ukraine.

42. The disbursement of funds should be predicated on tough economic and political conditionality. This crisis is an opportunity for Ukraine to undertake difficult and much needed reforms. The EU, by holding the Ukrainian government to its commitments, has a role to play.

43. The Association Agreement will only be a key element of support for Ukraine if the EU upholds its political conditionality. The area which we judge to be of particular importance to the future of Ukraine is in tackling corruption, also a key demand of the Maidan protestors.

44. Member States, again, must play a role in monitoring and evaluating the implementation of conditionality attached to the disbursement of funds. We recommend that the UK Government should review its own internal mechanisms for monitoring Commission programmes, in order to maintain this political oversight.

45. Building a Ukraine that is economically successful and secure in its energy supply will need Russian co-operation. The trilateral process, whereby the EU, Russia and Ukraine are engaging in discussions about the impact of the EU-Ukraine Deep and Comprehensive Free Trade Area, could be a useful template to discuss the broader Ukraine-Russia economic relationship.

Developments before, during and after the crisis

Early Association Agreement negotiations and Russian awareness

We disagree with Ambassador Yakovenko's comment that there was no advance discussion of the Association Agreement (AA). For many years Ukraine had been working towards an AA with the EU. This was not a secret, it was not rushed, and it was not news to Russia. The EU, Member States and Ukraine were completely transparent throughout the negotiations on the AA and Deep and Comprehensive

OFFICIAL

Free Trade Agreement (DCFTA). At each stage of the process, the EU posted Council Decisions and other reporting documents on the internet and in the press. The EU and Russia discussed the AA and DCFTA several times and the EU sought to dispel misunderstandings. The Minister for Europe explained to European Committee B on 11 November 2013 that “we consistently tell our Russian counterparts that they have nothing to fear from Association Agreements, that greater prosperity in Ukraine and other countries in the eastern neighbourhood would mean more prosperous countries able to buy Russian goods and services, and that Russia should see that as a win-win situation.” He added that “prosperous and stable neighbours are in Russia’s own interests. Association Agreements and Deep and Comprehensive Free Trade Agreements helped to deliver such objectives.” He also said that “countries had a sovereign choice to determine their own course, including whether to sign Association Agreements with the European Union” and that countries, including Russia, should respect these sovereign decisions.

November 2013 – February 2014

We disagree with Mr Polyanski’s statement that the EU, some Member States and the US did not try to de-escalate tensions during the public protests which followed President Yanukovich’s decision not to sign the AA. We also reject Ambassador Yakovenko’s statement that the public protests were supported by the EU and that the EU did everything to facilitate the power change in Kyiv. The international community worked closely together and called for calm on all sides throughout the protests, underlining that the situation should be resolved peacefully, avoiding violence, and in line with OSCE principles of freedom of assembly, rule of law, and respect for human rights. The UK made clear to the Government of Ukraine that it bore particular responsibility to refrain from violence, and this was underlined by the then Foreign Secretary, William Hague, when he met then Foreign Minister Kozhara on 24 January 2014. This followed statements from the Minister for Europe on 30 November 2013 and 5 December 2013, and the Foreign Secretary’s intervention at the NATO Foreign Ministerial on 3 December 2013, which set out the UK’s concerns about the use of violence to break up a peaceful demonstration, and urged the Ukrainian authorities to investigate thoroughly the use of violence by the police.

Yanukovich flees Kyiv; Moscow annexes Crimea

The report refers to Russia’s belief that the crisis in Ukraine was a ‘western-fomented plot’. However, the pattern of Russia’s destabilisation of eastern Ukraine and its illegal annexation of Crimea clearly demonstrates that the crisis was conceived and born in Moscow. Following President Yanukovich’s departure

OFFICIAL

from Ukraine on the night of 21 February 2014, we welcomed the swift steps to appoint a new, democratically elected government of national unity which would govern Ukraine until the Parliamentary elections planned for May 2014. The interim government was approved by an overwhelming majority in a free vote in the Ukrainian Parliament, including representatives of President Yanukovich's Party of the Regions. We urged all sides in Ukraine to respond to events calmly and allow time for the situation to stabilise. There was a great deal of work done to persuade Russia to come to the negotiating table with the Government of Ukraine to discuss its stated concerns about the situation face-to-face. However, as the Foreign Secretary said on 18 March 2014, Russia rebuffed proposals to de-escalate the crisis and chose instead a path of isolation and aggression leading to its eventual illegal annexation of Crimea. President Putin has since said that he ordered the annexation of Crimea on 22 February 2014, weeks before the sham referendum.

Destabilisation of the east, MH17

The report states that the circumstances surrounding the downing of MH17 are still unclear. As the Prime Minister set out to the House of Commons on 21 July 2014, the weight of evidence points to MH17 having been shot down by a SA-11 surface to air missile fired by pro-Russian separatists in territory under their control. We welcome the interim 9 September 2014 report from the Dutch Safety Board, which made clear that the crash was not the result of human or technical error, but probably caused by a large number of high-energy objects that penetrated the aircraft from outside. This suggests the behaviour of a blast fragmentation warhead – a warhead that is typically fitted to surface to air missiles. The final report, due in October 2015, should provide the definitive answers as to what caused MH17 to crash.

We reject Mr Polyanski's claim that there was no 'real proof' that there were Russian troops in eastern Ukraine following the downing of MH17. We are in no doubt about the continuing presence of the Russian military in eastern Ukraine. On 26 August 2014, 10 Russian paratroopers from a unit based in the Russian city of Kostroma were captured near Donetsk – we find President's Putin's statements that they "got lost" lacking in all credibility. More recently, the capture of two Russian Special Forces personnel in Ukrainian Government controlled territory in Luhansk in May confirmed again Russia's placement of its own troops in the Donbas. We also note the sensitivities the Russian authorities have with media reporting of Russian soldiers known to have been killed in Ukraine, with the harassment and physical assaults on journalists reporting the issue, including the BBC. Russian media reporting (RBK and Novaya Gazeta) on this issue has

OFFICIAL

highlighted Russian military casualties in Ukraine to be from the following units: the 76th Pskov Airborne Troops Division, 106th Ryazan Airborne Troops Division, 31st Ulyanovsk Airborne Troops Brigade, 331st Kostroma Airborne Troops Regiment, 9th, 17th, 18th, 19th and 21st Motor-Rifle Brigades, and the 15th Samara Motor-Rifle Brigade.

Media reporting also lists Russian hardware said to be deployed and witnessed inside Ukraine. These are: T-72 tanks, BTR-80/82 APCs, Grad multiple rocket launchers, Nona self-propelled guns, D-30 howitzers and Kamaz lorries. With regard to tanks, Reuters photographed two T-72BMs, tanks solely used by the Russian Military, destroyed on a battlefield near separatist-controlled Starobesheve, in eastern Ukraine, on 2 October 2014.

On 28 August 2014, NATO released satellite images that showed Russian combat forces engaged in military operations inside the sovereign territory of Ukraine. The images depicted Russian self-propelled artillery units moving in a convoy through the Ukrainian countryside and then preparing for action by establishing firing positions in the area of Krasnodon, Ukraine. Amnesty International provided further satellite evidence in a report published on 7 September 2014. The 30 August 2014 European Council condemned the increasing inflows of fighters and weapons from the territory of the Russian Federation into eastern Ukraine as well as the aggression by Russian armed forces on Ukrainian soil. It called upon the Russian Federation to immediately withdraw all its military forces from Ukraine. In response to the actions against Ukraine's territorial integrity, the EU imposed sectoral measures against Russia in addition to measures already imposed in response to the illegal annexation of Crimea.

Minsk 1 signed

We agree with the report's statement in paragraph 207 that the Minsk Protocol remains the basis for any move towards peace. We welcomed the ceasefire agreement reached between Ukraine, Russia and the separatists in Minsk on 5 September 2014 and a reduction in hostilities was seen, albeit with daily violations. Although Russia signed up to this agreement, they subsequently actively worked against it: stalling implementation while increasing supplies of sophisticated weaponry. The escalation in hostilities seen at the end of 2014 would not have been possible without the military support that Russia provided to the separatists. Russia transferred hundreds of heavy weapons – including rocket launchers, heavy artillery, tanks and armoured vehicles – and maintained hundreds of regular soldiers, including Special Forces, in Ukraine, as well as command and control elements, air defence systems, drones and electronic warfare systems that operated alongside separatist forces.

OFFICIAL

Following signature of a subsequent ceasefire agreement in Minsk on 12 February 2015, there was a reduction in hostilities. However, again there are continuing reports of Russian equipment being sent into Ukraine to support the separatists and continued heavy build-up of Russian troops close to the Russia-Ukraine border.

The Minsk Protocols provide the best framework for a diplomatic resolution to the conflict in Ukraine. However, for this to succeed, all sides must demonstrate a firm commitment to their implementation. Russia, in particular, must stop providing material support to the separatists, withdraw its troops and weaponry from Ukraine and adhere to their commitments under the Minsk agreements.

UK and EU political oversight before the crisis

We disagree that the EU over-estimated the intention of the Ukrainian leadership to sign an AA. For many years Ukraine had been working towards an AA with the EU, had clearly stated their intention to sign, and had carried out reforms to address the conditions set by the EU Foreign Affairs Council in 2012. President Yanukovich himself reaffirmed the intentions of Ukraine to sign the Association Agreement in a speech which he delivered at the Eastern Partnership Summit on 29 November 2013. It is clear that the about-turn by the Ukrainian Government was a decision taken under duress, the consequence of heavy external pressure from Russia.

The EU has always been ready and willing to discuss Russia's concerns about Ukraine's DCFTA with the EU. Talks are ongoing but we are clear that Russia does not have the right to veto a bilateral agreement between the EU and Ukraine.

Sanctions

EU sanctions on Russia are a vital tool for imposing a cost on Russia for its illegal actions; for seeking a change in Russian policy; and for applying pressure on Russia to abide by its obligations under the Minsk agreements.

Tier II sanctions (asset freezes and travel bans for individuals and entities) have been renewed until September 2015, and on 22 June 2015 the Tier III (economic) measures were renewed until January 2016.

We agree that the EU needs to continue to prioritise a comprehensive diplomatic and political strategy for resolving the Ukraine crisis, underpinned by a unified approach to sanctions. Sanctions are an important instrument, but not the only one the EU uses for delivering a workable solution.

We agree with the Committee that sanctions are exacerbating the impact on the Russian economy of the overall reduction in oil prices and lack of structural

OFFICIAL

reform. Sanctions have affected confidence in the Russian economy, resulting in high levels of capital flight from Russia: this reached \$151bn in 2014, continuing into 2015 with \$33bn in the first quarter. We also agree with the Committee's recommendation that, should there be no progress on Minsk and deterioration in the situation in Ukraine, the EU should be ready to apply further sanctions.

The Committee concluded that progressive removal of sanctions should be part of the EU's negotiating position. The Government believes that sanctions should of course be rolled back if and when Russia fully implements its commitments under the Minsk agreements. However, as long as Russia falls short of this, we believe that strong sanctions pressure must be maintained. Sustained sanctions pressure in this way is crucial because Russia's key obligations, notably enabling Ukrainian control over the border with Russia, lie at the end of the implementation of the Minsk agreements, which are due to be completed by December 2015. Easing sanctions before the full implementation of the Minsk agreements would in our view risk easing pressure on Russia at a time when such pressure remains important and necessary.

Political and economic support for Ukraine

Since signature of the Minsk agreement of 12 February 2015, the agreed ceasefire has led to a significant reduction in violence albeit with continuing low intensity fighting. Heavy weapons withdrawal has been slow on both sides due to a lack of trust. The OSCE Special Monitoring Mission needs to be given full and unconditional access throughout the crisis zone so they can verify and monitor heavy weapons withdrawal.

The UK will continue to support the Minsk agreements and all diplomatic efforts which aim to bring about a peaceful resolution of the crisis in eastern Ukraine and to secure Ukraine's sovereignty, independence and territorial integrity in the face of Russian-backed aggression.

The UK (and the EU as a whole) has strongly condemned the illegal annexation of Crimea. We do not, and will not, recognise it. Russia's actions there are a flagrant violation of a number of its international commitments, including the UN Charter, the OSCE Helsinki Final Act and the 1997 Partition Treaty on the Status and Conditions of the Black Sea Fleet with Ukraine.

The EU has taken a range of measures in order to give practical effect to its policy of non-recognition of the annexation. It has sanctioned a number of companies expropriated by Russia and Russian companies benefitting from the annexation. The EU has also imposed a ban on investment and trade in key sectors in Crimea. The aim of the 'Crimea Consequences' measures is not to punish or harm the

OFFICIAL

people of Crimea, who have been subjected to an illegal annexation. The objective is to make it more difficult for Russia to integrate the Crimean economy into its own and to seek to profit economically from its illegal annexation.

The UK is willing to engage in dialogue on Crimea and eastern Ukraine on the basis of the Budapest Memorandum but Russia has refused to do so. The UK has no immediate plans to host an international donor conference, but participated in and supported a meeting of international donors which took place in Kyiv on 28 April 2015.

We agree that it is hugely important for Ukraine to implement quick and visible reforms, which demonstrate to citizens and the donor community that the Government of Ukraine is serious about reform. The international community must stand firmly behind Ukraine in its reform efforts, including delivering clarity on what we expect from Ukraine. We need to continue to support Ukraine on implementation of Minsk, particularly on their political commitments such as setting out modalities for local elections, on constitutional reform and reaching out to the east through national dialogue.

We agree that tackling corruption needs to be a priority for Ukraine. We are supporting Ukraine's efforts in this area by providing £10 million in technical assistance to support economic and governance reforms, and humanitarian assistance. This includes support for the policy reforms needed to stabilise the economy and build a more accountable and transparent government; support for anti-corruption reforms; and support for public financial management reform.

The European Commission consults Member States before the adoption of Memorandums of Understanding which set out the conditionality attached to programmes. The UK monitors the implementation of these programmes regularly through the Economic and Financial Committee and Economic and Financial Affairs Council. Furthermore, the Commission provides annual reports on the borrowing and lending activities of the European Union, which includes information regarding the implementation of all financial assistance programmes, and another report on the implementation of macro-financial assistance to third countries. These documents are subject to the usual parliamentary scrutiny procedures.

We agree that Ukraine's cooperation with Russia is beneficial for its economic growth and energy security. Contacts between Russia and Ukraine are ongoing in respect of the DCFTA and energy supplies. Wider economic cooperation is obviously hampered by Russia's continued destabilisation of east Ukraine.

OFFICIAL

BASIS OF A FUTURE RELATIONSHIP

The way forward

- 46. Member States have to live with Russia as a neighbour, as a member of the United Nations Security Council, and as a regional power.**
- 47. The EU must be guided by a robust assessment of its interests and a sober understanding of today's Russia. There is no prospect of a rapid return to business as usual, but the EU and Member States still need to engage in dialogue, in the course of which the interests of both sides should be reconciled as far as possible. We therefore recommend that the UK Government should consider putting forward a proposal at an opportune moment to reconvene the EU-Russia summits, which are currently suspended.**
- 48. Events which commemorate our shared pan-European history should stand separate from international disputes. We recommend that EU Member States should continue to participate with Russian leaders in such events.**

Enforcing international trade rules

- 49. To the extent that the EU engages with Russia it must be without prejudice to its own rules and values. Holding Russia to the commitments to which it has signed up in international forums is a source of leverage for the EU. There is a role for both the Commission and Member States.**
- 50. The European Commission has played a strong and effective role in holding Russia to its international commitments in the World Trade Organization.**

Enforcing anti-corruption and anti-money laundering legislation

- 51. Combating corruption should be an essential part of the EU-Russia relationship. Only in this way will the EU be able to prevent the theft of assets from the Russian people.**
- 52. The UK could play a very useful role at the EU level. We urge the UK Government to take the lead in supporting good practice across the EU.**
- 53. The necessary EU legislation is in place, but there is inconsistent enforcement across the Member States. It is not enough to enact the law. The EU Commission, if necessary through infraction proceedings, must also ensure that all national governments are implementing the law correctly.**

OFFICIAL

54. The capacity of some smaller Member States to enforce anti-corruption legislation is limited. The EU should consider providing additional resources—financial, staff and training—to these Member States. Not to do so puts the entire Union’s anti-money laundering and anti-corruption regime at risk. We recommend that the Commission should put forward a proposal to assess the shortage of capacity across Member States. This could form the basis of an action plan to address this shortage, and thereby strengthen implementation.

Upholding human rights

55. The EU and Member States must continue to raise the human rights situation in Russia in international forums and to press Russia on human rights violations in their bilateral relations. It is not sufficient for Member States to delegate this to the EU institutions.

56. The Convention system, including the European Convention on Human Rights and the European Court of Human Rights, remains the most important means of addressing violations of human rights in Russia. Member States, as signatories to the Convention and parties to the Council of Europe, bear a shared responsibility to ensure that Russia respects the rights enshrined in the Convention and the judgments of the Court.

57. We make a brief postscript on UK policy on the European Convention. If the UK is to retain its credibility in its criticisms of Russia on human rights, then its position would be undermined if it sought to weaken its own commitment to the Convention. Such a move would resonate in Russia in a very significant way and would be a powerful tool of propaganda for the Russian government.

A relationship in the long term

58. The EU and Member States must pursue a dual-track policy. In the short term, there must be a strong credible response to Russian actions in eastern Ukraine, involving a tough sanctions policy and a strong enforcement of rules. In the long term, the capacity to bring about political change is more likely to be successful if coupled with a willingness to engage with Russia on broader issues. Starting a serious dialogue on issues of shared interest, such as a common economic space and a shared security architecture, as well as cultural co-operation and educational exchanges, could have a positive effect both on public opinion in Russia and on the adversarial mindset present in official circles.

OFFICIAL

- 59. While the current government in Russia may not appear to welcome a strategic dialogue with the EU or the West, the EU and Member States must nevertheless be bold and ambitious in their aims for a better understanding with Russia.**
- 60. A discussion with Russia on collective security should involve Europe as a whole, along with the US and Canada. Russian security threat perceptions of NATO have to be acknowledged, and also challenged, in any discussions on European security.**
- 61. We welcome the ongoing co-operation in the fields of culture, education and science, which are vital to build up the relationship with the Russian people. Irrespective of how EU-Russia relations proceed, this co-operation should not be sacrificed.**
- 62. It would be a failure of imagination and diplomacy if the crisis in Ukraine were to result in a long-lasting era of colder relations and reduced co-operation not only at the political, but also the cultural, level.**

The way forward

We agree with the Committee's observation about Russia's status in the world, in the neighbourhood and as part of the international security order. We agree on the need to involve Russia in discussions on international security. While we will never condone Russia's actions in Ukraine, or Georgia before that, we acknowledge that Russia has a key role to play in resolving international security issues such as the conflict in Syria and the Iranian nuclear programme.

Even before the crisis, the EU-Russia relationship was in a rut, with very little being accomplished. At the January 2014 Foreign Affairs Council, the then Foreign Secretary William Hague said that we needed to recalibrate the relationship, taking a tougher approach and showing confidence in the EU's collective strengths. This still holds true. We should no longer view Russia as a strategic partner. Its actions in Ukraine have shown that it is willing to act in ways which clearly conflict with EU values and undermine European stability. As such, we do not envisage re-starting EU-Russia summits at the present time. The focus must remain on resolving the Ukraine crisis and ensuring Russia is clear that any escalation, or repeat of their activities in Ukraine elsewhere, will lead to serious long-term costs.

We believe that the EU needs to put the relationship with Russia on a different, more hard-headed footing in the coming years. Such an approach might focus, inter alia, on the following areas:

OFFICIAL

- We must work to better protect our interests from Russian aggression. We must be prepared to recognise and respond to Russian ‘hybrid’ tactics, whereby it combines conventional military methods with economic and other levers to destabilise and attack its neighbours.
- At EU level, we need to work towards implementation of the Energy Union in the interests of energy security and ensuring that Russia abides by the rules when operating in the EU market. We must also improve our strategic communications capability to counter false Russian information.
- We must maintain dialogue with Russia to avoid misunderstanding and escalation. While Russia continues to destabilise Ukraine, our engagement should remain firmly focused on resolving the Ukraine crisis. But we should also seek to cooperate with Russia on global security dossiers such as Syria, Libya and Iran.
- We should continue to support Russian civil society and wider links between our people to keep open the prospect for better relations in the future.

Enforcing trade rules

We agree with the Committee that Russia should be held to the commitments it has signed up to in international fora. This is certainly true in respect of the WTO, but we must ensure that we are consistent in our approach across other institutions and groupings.

Anti-corruption and money laundering

In 2011, the European Commission set up a regular reporting mechanism on corruption within the EU. The Commission decision indicated that reports should be published every two years and that their objectives should include: periodic assessment of the situation in the Union; identification of trends and best practices; and general recommendations for adjusting EU policy on preventing and fighting corruption.

In February 2014, the European Commission published its first EU Anti-Corruption Report which included an analysis of corruption within the EU’s Member States, the steps being taken to prevent and tackle it and country specific recommendations for further work.

The European Commission has announced it will be publishing its next Anti-Corruption Report in 2016 which will include an update on the recommendations from the 2014 report and will feature a chapter on corruption in EU institutions. It

OFFICIAL

is likely to include thematic chapters on topics such as public procurement in EU funds, healthcare and the connections between money laundering, illicit financial flows and company beneficial ownership.

The Commission has also established an experience-sharing programme to support Member States, local NGOs and other stakeholders to follow up on various areas identified in the first EU Anti-Corruption Report. Workshops with all Member States will target specific topics drawn from the report, and aim to develop tailor-made solutions and share good practice amongst the Member States. The UK is playing a full part in supporting the Commission's work on anti-corruption, including sharing our experience of developing the UK's first anti-corruption plan, published in December 2014.

Upholding human rights

We agree that the EU and other Member States must continue to raise the human rights situation in Russia in international fora and press Russia on human rights violations in their bilateral discussions. The UK continues to engage Russia on human rights bilaterally, and through multilateral bodies such as the EU, UN, OSCE and Council of Europe. We make our concerns clear in interactions at all levels, and we continue to support projects which aim to improve the situation on the ground. A free and vibrant civil society is a crucial underpinning for improved democratisation in Russia. We will continue to urge the Russian authorities not to place groups advocating for fundamental freedoms under special scrutiny.

In recent years, the UK has been unique among all EU Member States in holding a Director-level annual bilateral human rights dialogue with Russia, which allows structured discussions on human rights. The Russian authorities did not agree to participate in a human rights dialogue in 2014. We stand ready to resume the dialogue and hope that it will take place in the near future. The last round of EU-Russia Human Rights Consultations took place in Brussels in November 2013. Since then, Russia has created obstacles to constructive engagement on human rights with the EU. The UK supports the EU's continued engagement with Russian civil society, and hopes that the EU-Russia Human Rights Consultations will resume in the near future.

We agree that the Convention system is a vital tool for addressing human rights violations in Russia. The UK is amongst a group of Member States that most actively holds Russia to account for the execution of European Court of Human Rights judgments. We consider this to be the primary vehicle at the Council of Europe for holding Russia to account for its most serious human rights failings,

OFFICIAL

basing our interventions, and Russia's obligations, firmly on the legal foundation provided by the European Court of Human Rights and the Court's case law.

We acknowledge the Committee's postscript on UK policy on the European Convention on Human Rights. The Government was elected with a mandate to reform and modernise the UK human rights framework and will bring forward proposals for a British Bill of Rights, which will replace the Human Rights Act. Further details will be published in due course. The Government will fully consult on our proposals before introducing legislation.

European Security Architecture

The EU, NATO and OSCE are key to stability and security in Europe. Russia has long sought to present an alternative vision for the European security architecture, with the goal of increasing its own influence. Although not perfect, we do not accept the argument that the European security architecture is broken and needs reforming. That is not to say that we cannot continue to improve its functioning, including through the OSCE's independent Eminent Persons Panel.

The effectiveness of Europe's security mechanisms depends on the willingness of the parties to honour the agreements and commitments they have signed up to, and Russia has shown over many years that it is willing to discard these agreements and undermine the principles on which our collective security is based, most recently by flouting the Helsinki Accords through its actions in Ukraine. New structures or treaties will not address this problem, so our primary concern is to uphold the principles and values of existing mechanisms.

We will therefore continue to keep pressure on Russia to honour its commitments and obligations, and treat with scepticism its attempts to re-write the rules. The US and Canada will remain key partners to this end.

Engagement on culture, education and science

We agree the UK should continue dialogue with Russia on issues of shared interest such as culture, education and trade. Avoiding this kind of engagement would be counterproductive. We welcome cultural and social exchanges between British and Russian people.

It is the policies of the Russian government to which we object, not the Russian people. Through people-to-people links we want to expose more Russian people to the UK's society, values and culture and promote more positive perceptions of the UK. Maintaining these associations is a key challenge at a time of difficult relations. There is a considerable amount being done by government and non-governmental actors in this area.

OFFICIAL

As the report details, 2014 was the UK-Russia Year of Culture. In light of the illegal annexation of Crimea by Russia and continuing Russian support to the separatist destabilisation of eastern Ukraine, we withdrew Ministerial and VIP involvement. However, the British Council oversaw a successful UK programme in Russia which helped build long-term people-to-people and institutional links. It is these links that will define the success of the follow up to the Year of Culture in the years ahead. Next year the British Council will lead a Year of English Language and Literature in Russia which, together with events to mark the 400th anniversary of Shakespeare's death, will provide a wide audience of Russians increased access to English language and literature.

As the British Council said in evidence to the Committee, 5,000 Russians are currently undertaking full-time education in the UK – an increase of 63% over the past five years. Study programmes in the UK continue for Russian students. The Chevening Scholarship Programme in Russia this year received over 400 applications – the largest number of applications ever received in Russia. The nine excellent scholars chosen come from a wide range of fields, including law, journalism and human rights advocacy. The British Embassy in Moscow engages with the large alumni network on a frequent basis including through outreach visits to Russian regions outside the capital. There are also opportunities to increase the study of English as a foreign language in Russia. As the British Council said, English is taught to an estimated 15 million learners in more than 60,000 Russian schools. A foreign language will be introduced as a compulsory element of matriculation for Russian university entrance in 2020. While English will not be compulsory, it is likely that it will be the most widely chosen language.

Russia is due to host the FIFA World Cup in eleven cities throughout 2018, and English will be the main language for tourists, fans, guides and volunteers. The World Cup presents significant cultural, sporting and commercial opportunities for the UK, not only in English language training, and we are actively engaged with the local Russian authorities to realise these opportunities.

Space will be a particular focus of cooperation in the second half of this year thanks to the Cosmonauts exhibition which is due to open at the Science Museum in September. The exhibition showcases priceless Russian space objects never shown outside of Russia and, in some cases, never exhibited before at all.

The Government has been clear that sanctions are designed to put pressure on the Russian leadership rather than punish the Russian people. HMG will therefore continue to allow ordinary Russians access to the UK in line with standard immigration procedures.

OFFICIAL

The Committee is also right to identify the 70th anniversary of the end of the Second World War as a key date in both the British and Russian calendars, and we ensured that the UK was able to participate in commemorations in spite of the proximity of events to the British General Election. The Rt Hon Sir Nicholas Soames MP represented the British Government at the Moscow commemorations. As a grandson of Sir Winston Churchill, Sir Nicholas has a direct personal link to the UK's shared Second World War history with Russia.

There were a number of other initiatives to mark the 70th anniversary including the visit of British veterans to St. Petersburg to commemorate the Arctic Convoys. Our Consulates in St. Petersburg and Ekaterinburg also helped to fund photographic exhibitions commemorating our shared Second World War history.