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**RUSSIA-EUROPEAN UNION SUMMIT**  
(Moscow, 29 May 2002)

**Joint Statement**

**by V.V. Putin, President of the Russian Federation,  
J.M. Aznar, President of the European Council, assisted by J. Solana,  
Secretary-General of the EU Council/High Representative  
for Common Foreign and Security Policy of the EU,  
and R. Prodi, President of the Commission of the European Communities**

We, the leaders of Russia and the EU, examined our bilateral cooperation in a comprehensive way, as well as a wide range of international problems. We underlined the importance of a strategic partnership between Russia and the EU, based on our full adherence to the UN Charter, obligations and commitments undertaken within the framework of the Council of Europe and the OSCE as well as on common values and mutual trust. We expressed strong determination to produce concrete results in our cooperation. For that purpose, we agreed to reinforce the positive tendencies, which characterise our relations.

We reaffirmed our intention to continue making an effective use of the Partnership and Cooperation Agreement (PCA), as well as of the Russian Medium-term Strategy for Development of Relations with the European Union and the EU Common Strategy on Russia, in order to contribute to security and stability in Europe, develop trade and investment and strengthen a society based on respect for democratic principles and human rights. The defence of freedom of expression and the fight against xenophobia and discrimination on ethnic, religious or any other grounds, are fundamental elements for preserving these principles.

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We intend to increase joint efforts to meet successfully common challenges, especially international terrorism, including access to weapons of mass destruction, as well as drug production and trafficking, illegal migration and other manifestations of organised crime, if necessary by establishing new mechanisms. In this context, we welcomed the meeting of our Ministers of Justice and Home Affairs on 25 April 2002 in Luxembourg. We agree that tackling all these issues, which are vital for our common security, is a priority for both Russia and the EU.

We confirmed our commitment to develop further the Russia-EU political dialogue. Russia and the European Union will make efforts to render their cooperation in the sphere of foreign and security policy even more result oriented and operational. To this end, we have adopted a separate declaration on further practical steps in developing political dialogue and cooperation on crisis management and security matters (Annex 1).

Aiming at a dynamic development of economic cooperation between Russia and the EU, we welcome:

- a) the progress report of the High Level Group on Common European Economic Space (CEES);
- b) the progress report on the energy dialogue which is annexed to our separate statement on this issue (Annex 2);
- c) the new dispute settlement mechanism which will allow a more effective use of PCA conciliatory procedures to resolve trade disputes.

We consider that early accession of Russia to the WTO will further integrate Russia into the world economy and deepen economic ties between Russia and the EU, thereby facilitating the establishment of the CEES.

Recognizing the achievements of the Russian Federation towards the establishment of market relations in its economy, the EU declared its intention to modify its legislation to grant Russia full market economy status.

The Russian Federation confirmed its intention to complete reforms, aiming in particular at the gradual elimination of restrictions to trade and other steps aimed at liberalization of its energy markets, and the gradual implementation of market principles in its energy policies, including with respect to pricing.

The pending EU enlargement will open new prospects for our relations but at the same time will possibly create new problems, including in the sphere of trade, economic cooperation and human contacts. We agree to discuss more actively the essence of the Russian concerns in the framework of the PCA.

Taking into account the legal and practical consequences of EU enlargement, Russia and the EU agreed to continue joint work with a view to reaching mutually acceptable solutions for the Kaliningrad region. This will be of key importance for the development of a strategic partnership between the Russian Federation and the European Union and for strengthening the atmosphere of good-neighbourliness and mutual understanding.

We noted that the environmental aspects of the Russia-EU relations are taking concrete shape in particular in the Northern Dimension framework. We therefore aim at having the Northern Dimension Environmental Partnership Fund operational as soon as possible. We will make every necessary effort to ensure that the Kyoto Protocol becomes a real tool for solving the problems of global warming as soon as possible. We also confirm our readiness to cooperate closely in preparing the World Conference on climate change to be held in Russia in 2003.

We confirm that the Russia-EC Science and Technology Agreement of 10 May 2001 has laid solid foundations for long-term cooperation in this field. We are encouraged by the drawing up of an action plan, structuring our Science and Technology dialogue and convinced that its implementation will contribute to the establishment of integrated scientific networks, and the development of joint research projects and therefore promote our international cooperation in the 6th Research and Development Framework Programme of the EU, to be launched in 2003. In that regard, we underline the important complementary role of related instruments to further enhance our science and technology cooperation, in particular International Association for the Promotion of Cooperation with Scientists from the New Independent States of the Former Soviet Union ("INTAS") for basic sciences and International Science and Technology Centre ("ISTC") for proliferation prevention and integration of scientists from the military sector into civilian research.

We express our satisfaction with the deepening of long-term partnership in the field of space research between Russia and the European Union, as well as between Rosaviakosmos and the European Space Agency. In this context, we look forward to the signing of a new Agreement between the Government of the Russian Federation and the European Space Agency on Cooperation and Partnership in Exploration and Use of Outer Space for Peaceful Purposes. We also encouraged experts on both sides to intensify their dialogue on issues of cooperation in development and operation of next generation space vehicles, global satellite navigation (GALILEO and Global Orbiting Navigation Satellite System ("GLONASS")) and monitoring systems (Global Monitoring for Environment and Security ("GMES")).

In the discussion on international affairs we emphasised the key importance of implementing and further strengthening non-proliferation regimes and of solving the problems of arms control and disarmament. We reaffirm our determination to deepen our dialogue and cooperation in this sphere, including the ongoing important EU contribution to existing relevant disarmament programmes in Russia. We will strengthen dialogue and cooperation on global security and stability. The EU welcomes the recent Treaty between the Russian Federation and the USA on Strategic Offensive Reductions.

The parties noted with satisfaction the creation of the new Russia-NATO Council, which is a major positive step in strengthening comprehensive security in the Euro-Atlantic area.

We confirm our readiness to strengthen the central role of the UN in world affairs. We also stress the role of the OSCE, in accordance with adopted decisions and commitments, as a comprehensive regional organisation for consultations, decision-making and cooperation in the OSCE area. We are in agreement that full realisation of the OSCE potential in security, economic and environmental, and human dimensions, would allow for more effective action against new challenges to global and European security, including the fight against international terrorism.

Other international issues of common interest for Russia and the EU were also discussed. We confirmed a high degree of understanding during our discussion on regional problems, in particular on the situation in the Middle East on which we adopted a separate joint statement (Annex 3).

The parties had an extensive exchange of views on stabilising the situation in the Balkans. They agreed that it is essential to implement the UN Security Council Resolutions pertaining to the region and to ensure strict adherence to them, including respect for territorial integrity of the states in the region, by all parties concerned. It is also of vital importance to continue to implement the Ohrid Framework Agreement in the Former Yugoslav Republic of Macedonia as well as the General Framework Agreement in Bosnia and Herzegovina. We recalled the significance of the 14 March Agreement for the restructuring of relations between Serbia and Montenegro.

We are determined to promote efforts on the post-conflict rehabilitation in Afghanistan, possibly including joint projects, with the UN playing the central coordination role. We continue to support strongly the Bonn Agreement, and look forward to the success of the planned Loya Jirga. We call upon all Afghan parties to cooperate fully in this process.

We discussed with deep concern the recent deterioration of Indo-Pakistani relations, in the aftermath of the last terrorist attacks in Jammu and Kashmir and the military incidents at the border, as well as the missile tests carried out by Pakistan. We have adopted a Joint Statement on the development in Indo-Pakistani relations (Annex 4).

Russia and the EU will cooperate to resolve regional conflicts, including the Transdniestria issue in Moldova.

In conclusion, we agree that the Moscow summit is an important milestone in the development and strengthening of the strategic partnership between Russia and the European Union in the XXI century.

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## **Joint Declaration on further practical steps in developing political dialogue and cooperation on crisis management and security matters**

We are firmly committed to continue and to enhance our cooperation on political and security matters in Europe. We will act together to strengthen security for all in a Europe whole and free recognizing the principle of indivisibility of security, thus ensuring peace and stability for present and future generations of Europeans. Our cooperation is an integral part of global security and must serve as a stable foundation for world stability.

We have achieved a significant degree of success in our cooperation. We base ourselves on the Joint Declaration on Strengthening Dialogue and Cooperation on Political and Security Matters in Europe, adopted in Paris on 30 October 2000, and the Joint Statement on Stepping up Dialogue and Cooperation on Political and Security Matters, approved at Brussels on 3 October 2001. We note with satisfaction the good results of our political dialogue at all levels since the last Summit. This allows us to make further significant steps in Brussels, Moscow and elsewhere, as appropriate, towards closer cooperation and joint action.

Our activities in that sphere will take into account the evolving situation in Europe in the field of security as well as EU developments.

We agreed to deepen significantly our political dialogue and cooperation on crisis management and security matters. The Russian Federation has proposed a "Russia–EU Action Plan in the field of European Security and Defence Policy".

The EU has informed the Russian Federation on the decision taken recently by its Foreign Ministers to submit to the upcoming Seville European Council its "Arrangements for Consultation and Cooperation between the European Union and Russia on Crisis Management", with a view to cooperating in crisis management operations led by the European Union.

We will conduct a comparative analysis of our respective crisis response concepts in order to develop common approaches to new political and strategic realities.

We have also taken an important step to promote practical information exchange on military crisis management matters through the assignment of a Russian contact person with the EU Military Staff.

Furthermore, a visit of the Chairman of the EU Military Committee to Moscow to meet with the Russian military authorities has taken place on 29 May 2002.

We have identified the following issues which will be held under regular review in the framework of our frequent political dialogue on foreign policy and security issues at different levels:

- conflict prevention,
- mine clearance,
- possible use by the EU of Russian long-haul air transportation,
- the modalities for possible Russian participation in the EU Police Mission in Bosnia and Herzegovina.

The EU and Russia will inform each other of the results of their key international contacts and negotiations on matters related to security and crisis management.

The EU and Russia will discuss specific aspects of their cooperation in conducting emergency search-and-rescue operations in response to natural disasters and catastrophes, as well as in delivering humanitarian aid to various regions of the world in situations related to crisis management.

We agreed to engage in further dialogue on concrete proposals for cooperation and joint action. The PSC Troika and the Russian Ambassador to the EU will play an important role in coordinating this work. We will review progress in these areas at the next Russia-EU summit on 11 November 2002 in Copenhagen.

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## **Joint Statement on energy dialogue**

Taking note of the report presented by the two sole interlocutors on the progress in Russia-EU energy dialogue we note with satisfaction that it has preserved its dynamism and its pragmatic approach. Work is progressing on the agreed areas of the energy dialogue, including preparations for establishing the EU-Russian Energy Technology Center in either Moscow or St. Petersburg, continual examination of long-term EU and Russian energy policies and relevant energy standards, evaluation of pilot energy saving projects in the Archangelsk and Astrakhan Oblasts, which could then serve as a basis for other regional projects, in particular in the Kaliningrad Oblast, and the facilitating of investment projects in Russian energy sector would help to progress the achievement of the strategic goal of an energy partnership - enhancing the energy security of the European continent.

We recognise that the EU energy market is now becoming the world's largest and most integrated, and that Russia deserves to gain access to it. We note the importance of enhancing trade in primary energy between the EU and Russia, and therefore will jointly examine those areas, which should strengthen our energy relations.

We underline the importance of long-term contracts for natural gas, in particular to guarantee the financing of identified "projects of common interest". The limited question of destination clauses is moving towards a mutually acceptable agreed solution. Technical assistance to ensure the swift joint examination of the projects of "common interest" will facilitate their realisation by bringing together all interested parties.

With respect to electricity, recognising that, for certain issues to be resolved, a timetable needs to be established, namely reciprocity in market access and environmental and nuclear standards, the first steps toward the facilitation of trade through a sound legal base have been taken and a dialogue has been initiated. A sound legal base is necessary so that market operators can achieve a technically possible interconnection, which, whilst bringing gains in trade to both sides, retains the high level of system reliability demanded by European consumers.

The existing situation with respect to the import of nuclear materials to the EU member-states is a matter of concern for the Russian side. We agreed in accordance with Article 22 of the PCA and in the context of EU enlargement, to reach a mutually acceptable solution.

EU-Russia Energy Dialogue

**Second  
Progress Report**



Presented by  
Russian Vice-Prime Minister Victor Khristenko  
and  
European Commission Director-General François Lamoureux

Brussels/Moscow May 2002



## **I. Introduction**

A year after the initiative was launched and following the submission of our joint Synthesis Report based upon the work of the EU and Russian energy experts, the EU-Russia Summit of October 2001 agreed on the future direction of the Energy Dialogue between the European Union and the Russian Federation. The Joint Statement from the Summit recognised that the exploratory phase of the Dialogue had been completed and listed a number of issues from our Report on which progress could be achieved both in the short term and over the medium term in the next, operational stage of the Dialogue.

Since the Summit, we have met on three occasions; in December 2001 in Moscow, in March 2002 in Brussels and more recently again in Moscow in May 2002. We can report progress in all the areas identified for action in the short term at the Summit, as well as in some of those identified as requiring further examination. This clearly demonstrates that the Dialogue has effectively moved into its concrete, implementation phase.

## **II. Progress on the themes agreed at the summit**

### **1. IMPROVEMENT OF THE ENERGY PRODUCTION AND TRANSPORT LEGAL FRAMEWORK.**

To attract investments in the short term, we recognise the importance of swiftly completing the legal framework for Production Sharing Agreements (PSA), in particular the secondary legislation and the relevant amendments to the tax code. We agree to charge our experts to prepare a concise joint report on the current state of play and the proposals in the current draft legislation. This report should be submitted in time for consideration before the November EU-Russia Summit.

Over the longer term, we believe that consideration should be given to exploring other legal frameworks for implementing energy projects in order to facilitate entrepreneurial activity in energy exploration, production and transportation sectors, for example through the creation of Joint Ventures and concessions.

We also underline the importance of appropriate rules, existing or to be developed, in order to provide a framework governing non-discriminatory access to the energy transport networks.

### **2. SECURITY OF THE TRANSPORT NETWORKS.**

Both parties have agreed, in the framework of an observatory, to collaborate to ensure the safety and security of the energy transport infrastructure. In particular, we note that technical assistance will be agreed in 2002 and provided in 2003, in the framework of TACIS and a continual assessment of the rehabilitation and investment needs for improving the safety and efficiency of the hydrocarbon export network both inside and outside Russia will also be funded. The early identification of gas leaks and dangerous or under-performing gas transport infrastructures will have a positive environmental impact by reducing the leakage of gas into the atmosphere, increase the utilisation of the existing capacity and improve the security of energy supplies of both Russia and the European Union.

We also welcome the understanding reached with Gazprom to construct an EU-Russia gas certification centre for testing and adopting modern, efficient, gas related technologies.

We also recognise the potential for a regional satellite accident prevention monitoring system for the oil and gas infrastructures involving all the countries of eastern European, Central Asian and the Caucasus. Such a surveillance system could make use of the Russian GLONASS and the future European GALILEO navigational systems. The feasibility of such a system will be studied in the framework of TACIS.

### 3. LEGAL SECURITY FOR LONG TERM SUPPLIES

Providing a secure legal framework and regulatory environment for the supply of gas is of fundamental interest to both the E.U. and Russia. Detailed discussions are continuing, with a particular emphasis on long-term contracts for gas. Both the E.U. and Russia consider that these contracts have not only underpinned investments in Russia in new capacity in the past, but will remain necessary in the future. The Commission has made it clear that long-term take-or-pay gas contracts are indispensable. The Commission will, together with Russia in the context of the dialogue, closely monitor the developing situation, and the Commission is determined to ensure that contractual and regulatory conditions continue to exist that enable the financing of the major investment necessary to ensure future E.U. gas security of supply.

Considerable progress has been made in agreeing how to amend or delete the so-called “destination clauses” in future contracts, and both the E.U. and Russia have underlined their determination, and the importance of reaching a mutually agreeable solution to this issue for existing contracts.

Russia raises the issue of possible E.U. or Member State import limits on energy resources. We propose that a group of experts of Russia and the E.U. including experts from the Member states, should examine this in detail with all parties concerned.

We also note, with satisfaction, the meeting of Russian and Commission experts on the general issue of energy trade which took place on 22 April 2002 in Brussels, at which problematic issues were identified. The Parties have agreed that such consultations should continue with the objective of addressing existing issues and a view to creating a more transparent and favourable treatment of energy flows between the Russian Federation and the EU.

### 4. NEW STRATEGIC TRANSPORT INFRASTRUCTURE OF COMMON INTEREST

In our discussions, we have agreed on the importance of increasing the multiplicity of transportation routes. This will enhance the security of energy supplies by reducing the threat of bottlenecks and the repercussions should a problem arise in any particular part of the network. While it is clear that the projects we have identified in our Synthesis Report as being of “common interest” will remain a matter for private sector decisions based upon economic and commercial judgements and on the authorities of the States involved, it is necessary to facilitate the practical realisation of these projects.

For this reason, we have mandated a high level team of independent experts to assess each project of potential “common interest”. They will consult the interested parties to clearly define the technical requirements, the level of financing necessary and the time scales envisaged. Evidently it will be vital to the success of this work to concentrate only on those projects of clear mutual interest that will enhance the security of energy supplies of the EU and to ensure the close co-operation of all the public authorities and companies involved. The assessment prepared for each project must be as complete and accurate as possible.

For the limited number of projects selected, the high level team of independent experts will then assist in promoting the financing of the investments required through “round tables” consisting of the Governments involved, financial institutions, the private financial sector and the energy companies.

In parallel, we have mandated these experts to design a specific and practicable scheme to mitigate the residual non-commercial risks associated with the limited number of projects selected. This could be achieved either through the establishment of a specialised Investment Guarantee Trust or through other comparable arrangements involving appropriate International Financial Institutions and regional banks, export credit agencies, the authorities of participating countries and private sector insurers and investors.

We have confirmed the understanding on the quickest launch of the activities of the group of experts to develop, together with the companies, the projects of “common interest” and we have recommended that all assistance necessary for the work to be successfully concluded should be provided by the parties concerned.

## 5. ENERGY EFFICIENCY

In order to give practical and achievable objectives to the challenging task of improving the rational use of energy and promoting energy saving, it has been agreed that pilot projects be carried out in two climatically different regions of Russia – Arkhangelsk and Astrakhan.

For each region, a number of immediate priorities have been identified:

- In the Astrakhan Oblast, the construction of a connecting pipeline from the local “TEZ-2” gas-fired power plant to the hot water distribution system in the city would permit the hot water currently wasted by the power plant to be used in the city, thereby reducing the demand on the city’s district heating plants. The overall improvement of the district heating system, both in the distribution system and in the use of heat in the individual houses, also appears to offer a significant potential for energy savings. The addition of a 130 MW CCGT (Combined Cycle Gas Turbine) to the existing 100 MW “GRES” gas-fired combined heat and power plant, including waste heat utilisation, and the construction of around 10 small, decentralised gas-fired Combined Heat and Power (CHP) plants in towns throughout the region.
- In the Archangelsk Oblast, efficiency improvements in the outdated and badly maintained domestic heating system (boilers, distribution system, equipment in houses) could be very cost effective since most of the region uses large amounts of expensive (due to high transportation costs) coal and fuel oil. Feasibility studies show that conversion to biomass, which is locally available from timber, pulp and paper industry would offer very attractive investments with a pay back period of less than 3 years. Energy savings and switch towards locally available biomass seems to be both economically and environmentally the best options.

We agree that the Russian Ministry of Energy, together with the regions in question, will request a technical assistance programme to be financed under the TACIS programme 2003. The formulation of the programme will reflect the outcome of the missions to the regions.

We agree to consider the extension of the energy efficiency programmes to include the Kaliningrad Oblast.

The potential of the Kyoto Protocol to offer economic incentives for energy savings and improved energy efficiencies is significant. This calls for the earliest possible ratification of the Kyoto Protocol by all participants.

Once the Protocol is in force, any co-operative project in energy savings or improved energy efficiency which “generates” a reduction in CO<sub>2</sub> emissions, will allow the resulting CO<sub>2</sub> credit to be transferred to the investor (for example in the EU) in accordance with the modalities in the Protocol. This possibility will create an additional economic incentive for such projects over and above the incentive of the value of the energy saved.

We note with satisfaction that the EU is financing two projects to facilitate the technology transfer of relatively low cost methods to improve the efficiency and environmental performance of conventional coal-fired power plants in Russia and to assess the perspectives for rebuilding/rehabilitating them.

## 6. TECHNOLOGY CO-OPERATION

We both recognise that reinforcing energy research and technology co-operation is a key element for deepening the Energy Dialogue. Since the creation of an EU-Russia Energy Technology Centre (ETC) will act as a catalyst and a focus for increasing such co-operation, we consider it a major priority. The ETC should have at its disposal all premises and equipment required to perform its function and to permit conferences, workshops etc.

We confirm the understandings reached at the 2001 Brussels EU-Russia Summit on the establishment of the ETC in Russia, either in Moscow or in Saint Petersburg, in premises provided by the Russian authorities together with the required infrastructure. Funding from the European Commission will be provided for an initial period of three years.

The Parties will sign in the nearest future a Memorandum of Understanding which ensures the ETC inauguration before the end of this year.

### III. Other areas of mutual interest

Recognising the importance of developing the Energy Dialogue towards a real Energy Partnership, our discussions have identified a number of other issues on which fruitful discussions and joint analyses between our experts could be very productive.

#### 1. INTERCONNECTION OF ELECTRICITY NETWORKS AND TRADE IN ELECTRICITY

We welcome the signature in Warsaw on 20 March 2002, in the framework of a conference on the EU-Russia Energy Dialogue, of the Protocol on close co-operation between the CIS Electric Power Council (CIS EPC) and the Union of the Electricity Industry (EURELECTRIC) as an important step forward. It is encouraging that there is a willingness by the two Parties to make progress in promoting interconnections of the electricity systems. Russia believes that a synchronous operation is the best technological solution.

The EU stresses that a number of preconditions need to be fulfilled before a substantial trade in electricity can take place, such as reciprocity in market opening, cost-based pricing, environmental protection and a high level of nuclear safety comparable to that which exists in the EU Member states.

Russia indicates that the safety assessment of units in nuclear power plants is the exclusive responsibility of the national supervisory body (GosAtomNadzor) exercising its activities on the basis of national regulations developed in accordance with generally recognised international standards.

We believe that a prior examination with RAO UES of the prospects for interconnection and trade in electricity, the actual and potential bottlenecks and the technical issues related to the interconnection of the Russian electricity system with that of continental Europe should be undertaken.

#### 2. JOINT ASSESSMENT OF THE OIL MARKET

In the context of the uncertainties and significant price fluctuations that we have seen on the international oil market, and the negative impact this has had both on the Russia and EU economies, we recommend that a constructive dialogue on this issue would be beneficial to both Parties.

The two Parties consider that it is essential that a regular dialogue is developed between producer and consumer countries. Such a dialogue could address

the possible options for increasing market stability and include issues such as jointly assessing developments on the international oil market as well as the policies with respect to enhancing supply security and forming reliable market price indicators. In this context, we believe that it would be interesting to examine the role that stocks could play in helping to reduce market volatility.

### 3. TRADE IN NUCLEAR MATERIALS

We recognise that, over the last decade, the question of the trade in nuclear materials has been a delicate issue between the EU and Russia.

The European Commission stresses in the light of possible increasing supplies available from Russia, the EURATOM Supply Agency has applied a policy of ensuring a diversification of the sources of supply of natural and enriched uranium through quantitative limits to imports. Russia stresses that qualitative limitations in trade of nuclear materials between Russia and the EU are discriminatory.

However, with the context of the nuclear market having changed significantly in Russia, as it has in Europe, combined with the perspective of the enlargement of the EU in the near future, a reassessment of the EURATOM Supply Agency's long term supply policy is necessary. Indeed, some of the candidate countries have intergovernmental agreements and long term supply contracts with Russia which need to be respected, in conformity with Article 105 of the EURATOM Treaty.

Recognising the importance of this issue, we agreed in accordance with article 22 of the PCA and in the context of EU enlargement, to find a mutually acceptable solution.

François Lamoureux

Victor Khristenko

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## **Joint Statement on Middle East**

We reiterate our deep concern for the evolving situation in the Middle East, which, over the last eighteen months has brought an unacceptable level of human loss, and destruction, grave damage to both Israeli and Palestinian societies. The negotiations have been interrupted and the prospects for a political solution have been held back. We believe that this critical situation entails a significant risk to regional stability and security. We reaffirm the need for the International Community to sustain all initiatives conducive to a peaceful solution of the conflict, for the benefit of all parties, Israeli, Palestinian, Syrian and Lebanese.

We recall the objective of such a solution, as defined also in the visions and proposals of all relevant actors in the international community, in particular the members of the Quartet in their Joint Statement of 10 April 2002, and the Arab League in the conclusions of the Beirut summit, which endorsed the initiative of the Kingdom of Saudi Arabia. We reiterate that there is no military solution to the conflict and recall the need for a comprehensive political solution based on the principles of the Madrid Conference of 1991, UNSCR 242 and 338 and the formula of "land for peace". We reaffirm our support for the objective expressed by President Bush and in UNSCR 1397 of two States, Israel and Palestine, living side by side within secure and recognised borders.

We urge the parties to benefit from the present opportunity to overcome the crisis by resuming a meaningful dialogue, dealing in parallel with its political, economic and security aspects. And we call on all parties of the conflict to take immediately the steps allowing the proper development of such a process, including full implementation of UNSCR 1402 and 1403. We remain convinced that the thorough preparation of an international Conference on this subject, as considered in recent weeks at different levels and fora, is a most urgent task. The EU and Russia will work within the framework of the "Quartet", as well as in their contacts with the parties of the conflict and other interested actors in the International Community towards the convening of a successful conference.

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**JOINT STATEMENT  
on the Developments in Indo-Pakistani Relations**

Russia and the EU follow with concern the dangerous situation developing in Indo-Pakistani relations. The current increasing tension, which is fueled by continuing provocative actions conducted by Kashmir extremist organizations, threatens stability in the entire South Asia region. Terrorist acts committed in the Indian state of Jammu and Kashmir have taken the toll of dozens of lives among civilians including children. They make Pakistan suffer as well. These terrorist attacks must end to ensure peace and security in the region.

The tests of medium and small-range missiles just carried out by Pakistan, in our view, can not but aggravate the already worrying situation in South Asia and run counter to the readiness expressed many times by Pakistani leaders to act together with the international community in an effort to seek a political settlement of the crisis.

Aware that terrorism is the common enemy of us all, we hope that both Governments will make efforts to avoid a spiral of confrontation of unpredictable consequences, and that they will promptly do whatever necessary to reduce tensions as the first step to the resumption of a productive dialogue in order to peacefully solve the differences.

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