

**Draft Conclusions and Proposals of the Russia/EU Industry Leaders Round Table
held in Cannes on 12 November 2008**

Initiatives and measures proposed below are based on the Round Table discussions:

1. In turbulent and uncertain times caused by the current financial crisis, collaboration between energy companies and governments is becoming increasingly important.
2. The strategy for energy cooperation between Russia and EU should be based on stable foundations covering the diversification of supply and demand and also offer opportunities to both parties to acquire shares in energy companies and get access to the energy markets.

Collaboration could develop towards the following objectives:

- Support for EU's efforts to mitigate climate change and Russia's interest in energy efficiency
- Balance the factors affecting security of demand and diversification of the fuel mix
- Continue the work on the property rights over energy resources and access to resources and markets.

It is necessary to reinforce the existing political bodies established to address critical political issues that might have a negative impact on the energy cooperation and trade.

3. The Business Community expects the policy makers to facilitate the development of policies to protect FDI flowing into the energy sector. This would allow:
 - European companies to get an easier access to prospecting and production of energy. Russian energy companies would get an easier access to the EU markets.
 - To avoid discrimination of Russian investors in the EU markets, nor of EU companies in Russia.
 - To establish government control over FDI flowing in the strategic sectors in Russia. It is important to demonstrate the positive experience of conducting business in the new investment climate.
 - While the Russian government has already passed the law regulating FDI into strategic sectors, the EU could clarify which companies it considers strategically sensitive for FDI.]
 - Establishment of EU-Russia consortium for various projects.
4. Continue the ongoing legal reform in Russia aimed at improving the efficiency of energy resources use to help minimise investment risks:
 - Introduce open auctions for concession rights.
 - Introduce irrevocable licenses for the company which discovered resources

- Eliminate subjective treatment of companies aimed at the early withdrawal of resource development rights.
5. Expand tax holidays and benefits for Russian and European companies which invest in Russia's oil and gas resources.
- The recently adopted tax relief regulations which will come into force in 2009 are highly appreciated by the market players, even if their impact will be somewhat limited due to the rising price levels.
 - Continue the development of special tax regimes for major projects located in remote areas.
 - In future the taxation of oil & gas companies should be based on profits and not as today on revenues.
6. Energy Efficiency
- The joint EU/Russia initiative on energy efficiency and the use of associated gas is fully supported.
 - EU can use the Kyoto mechanisms to fund associated gas projects in Russia.
 - The Russian government will improve the regulatory framework for the utilisation of associated gas.
 - Priority access to the pipeline networks will remove the highest barrier to the utilisation of gas in Russia.
7. Intensify exchange of technologies and know-how
- It is proposed to establish an Energy Partnership Centre supported by the EU and the Russian government which would disseminate information, facilitate technology transfer, energy information exchange, including energy, climate, health and security aspects and conduct other related activities.
8. Facilitate investments in human resources and education
- Due to the shortage of highly qualified and skilled labour required for the development of complex oil projects experienced by both Russian and European companies, it is imperative to complete the EC project aimed at the "Further Development of the Russian Educational System"
 - The government of Russia and the EU are encouraged to adopt common standards for education in the field of the oil value chain.