

10369/03 (Presse 166)

GENERAL AFFAIRS AND EXTERNAL RELATIONS *

2518th Council meeting

- EXTERNAL RELATIONS -

Luxembourg, 16 June 2003

President : **Mr Giorgos PAPANDREOU**,
Minister for Foreign Affairs of the Hellenic
Republic

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- The documents whose references are given in the text are available on the Council's Internet site <http://ue.eu.int>.
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the above mentioned Council Internet site or may be obtained from the Press Office.

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PARTICIPANTS

The Governments of the Member States and the European Commission were represented as follows:

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Deputy Prime Minister and Minister for Foreign Affairs

Denmark :

Mr Per Stig MØLLER

Minister for Foreign Affairs

Germany :

Mr Joschka FISCHER

Federal Minister for Foreign Affairs and Deputy Federal Chancellor

Greece :

Mr Giorgos PAPANDREOU

Minister for Foreign Affairs

Mr Anastasios GIANNITSIS

Deputy Minister for Foreign Affairs

Spain :

Ms Ana PALACIO VALLELERSUNDI

Minister for Foreign Affairs

France :

Mr Dominique de VILLEPIN

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Ireland :

Mr Brian COWEN

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Mr Franco FRATTINI

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Ms Lydie POLFER

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Minister for Foreign Affairs

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Ms Benita FERRERO-WALDNER

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Minister for Foreign Affairs

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Secretary of State for Foreign and Commonwealth Affairs

* * *

Commission :

Mr Chris PATTEN

Member

* * *

General Secretariat of the Council :

Mr Javier SOLANA

Secretary-General/High Representative for the CFSP

The Governments of the Acceding States were represented as follows:

Czech Republic :

Mr Cyril SVOBODA

Minister for Foreign Affairs

Estonia :

Ms Kriistina OJULAND

Minister for Foreign Affairs

Cyprus :

Mr George IACOVOU

Minister for Foreign Affairs

Latvia :

Ms Sandra KALNIETE

Minister for Foreign Affairs

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Mr Włodzimierz CIMOSZEWICZ

Minister for Foreign Affairs

Slovakia :

Mr Eduard KUKAN

Minister for Foreign Affairs

Slovenia :

Mr Dimitrij RUPEL

Minister for Foreign Affairs

ITEMS DEBATED

NOTE : The Acceding countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland the Slovak Republic and Slovenia align themselves on the conclusions on the EU operation in the DRC, Weapons of Mass Destruction, the Western Balkans, the Middle East, Iran, Burma/Myanmar and Cuba.

EUROPEAN SECURITY AND DEFENCE POLICY (ESDP)

– REPORTS TO THE EUROPEAN COUNCIL

- **Presidency Report on ESDP**

The Council approved a draft Presidency Report on ESDP with a view to its submission to the European Council for endorsement.

- **EU Programme for Conflict Prevention**

The Council approved a draft Report on conflict prevention that the Presidency will submit to the European Council in Thessaloniki.

- **Report on the fight against terrorism (including CFSP/ESDP)**

The Council approved a draft Presidency Report to the European Council on EU external action in the fight against terrorism (including CFSP/ESDP).

– ARTEMIS OPERATION IN BUNIA, DEMOCRATIC REPUBLIC OF CONGO - Council Conclusions

The Council adopted the following Conclusions:

"The Council welcomes the rapid launch by the European Union (EU) of operation ARTEMIS in response to the request by the Secretary-General of the United Nations for the constitution of an interim emergency multinational force in Bunia, Democratic Republic of the Congo (DRC), as authorised by United Nations Security Council Resolution 1484. This force will contribute to the stabilisation of the security and humanitarian situation in Bunia and will allow the UN Secretary-General to reinforce MONUC's (United Nations Organisation Mission in the Congo) presence in Bunia.

This operation demonstrates the political will and the capability of the EU to react rapidly and effectively in a crisis situation. It reaffirms the EU's commitment to peace and stability in the Great Lakes region and in the DRC in particular.

This EU operation reflects the contribution which European security and defence policy can make to crisis management in cooperation with the United Nations.

Operation ARTEMIS is supported by France as the Framework Nation and by contributions from several Member States as well as third countries.

The Council makes a strong appeal to all Congolese parties and all States in the Great Lakes region to refrain from any military or other activity in the region that could further destabilise the situation in Ituri and, in this regard, demands also an end to all support, including supplies of weapons and any other military equipment, to the armed groups and militias. It demands moreover that all Congolese parties and all States in the region actively prevent the supply of such support. The Council expresses its deep concern at the military operations that are still being carried out in the Kivus and calls for their immediate cessation.

With reference to the diplomatic mission recently carried out in the region by the EU Special Representative, the Council calls on the Congolese monitoring committee and all Congolese authorities to give their full support to the emergency interim force and to cooperate fully with MONUC so that the Congolese and the Ituri Interim Administration can seek an integrated political solution in Ituri.

The Council reaffirms the need for transitional institutions to be set up as soon as possible in the DRC and calls on all parties to be flexible to that end.

A solution to the crisis in Ituri requires the mobilisation of all the diplomatic, military, financial and humanitarian aid resources of the international community. In pursuit of this objective and to support operation ARTEMIS and facilitate the build-up and deployment of a reinforced MONUC presence in Bunia by mid-August 2003 at the latest, the Union must be able to make consistent use of all its instruments, particularly in terms of political action and aid. The Council calls on the Secretary General/High Representative, in consultation with the Presidency, and on the Commission to submit proposals to that end as soon as possible. These proposals should take into account any progress in the establishment of transitional institutions in the DRC. They should also take into account the regional context of the conflict.

The Council reiterated its commitment to the promotion and protection of the rights of the child, in particular within the context of armed conflicts. It tasked the competent bodies to integrate the child rights' perspective in the EU's peace and security initiatives."

EUROPEAN SECURITY STRATEGY

Over lunch, High Representative Javier Solana briefed Ministers on the state of preparations for a European security strategy to be presented to the European Council at Thessaloniki on 19 and 20 June. In his outline of the paper, the High Representative underlined in particular that today's complex problems could not be tackled by any single country alone. As a Union of 25 States with 450 million people and producing a quarter of the world's GDP, the EU was a global actor. The key threats the world was facing were more diverse, less visible and less predictable than during the cold war. They included international terrorism, proliferation of WMD, failed States and organised crime. They were significant threats by themselves but their combination constituted a radical challenge to security. In addition to identifying the threats, the paper would discuss the instruments the EU had to counter them. Overall, the EU would be more active and more coherent in countering those threats. The document would be noted by the Thessaloniki European Council as a living document and would be subject to changes to reflect developments in the strategic environment.

Mr Solana was requested by Ministers to work on such a strategy at their informal meeting in Rhodes/Kastellorizo in May.

WEAPONS OF MASS DESTRUCTION - Council Conclusions

"The Council discussed the issue of proliferation of Weapons of Mass Destruction.

Proliferation of Weapons of Mass Destruction and means of delivery such as ballistic missiles constitutes a threat to international peace and security.

The Council considered that the acquisition of Weapons of Mass Destruction or related materials by terrorists would represent an additional threat to the international system.

The Council gave its endorsement to the document entitled "Basic principles for an EU strategy against proliferation of Weapons of Mass Destruction" as a living document.

The Council also approved the "Action plan for the implementation of the basic principles for an EU strategy against the proliferation of Weapons of Mass Destruction". It asked the PSC and other Council bodies, in co-operation with the SG/HR and the Commission, to begin work immediately on the implementation of the Action Plan."

WESTERN BALKANS - COUNCIL CONCLUSIONS

The Council:

- adopted conclusions on the Western Balkans, with two documents in annex to be forwarded to the European Council meeting at Thessaloniki on 19 and 20 June:
- *"The Thessaloniki Agenda for the Western Balkans – Moving towards European integration"*, a document examining ways and means to further strengthen the Union's stabilisation and association policy towards the Western Balkans.
- Council conclusions on this year's annual review of the Stabilisation and Association Process for South-Eastern Europe;
- reached political agreement on a draft Joint Declaration to be adopted by the EU–Western Balkans summit at Thessaloniki on 21 June;

Council Conclusions on the Western Balkans

- Serbia and Montenegro

The Council warmly welcomed the presentation by Serbia and Montenegro of their Internal Market and Trade Action Plan, but noted that while substantial progress had been made, there were still some outstanding problems to be resolved. The Commission would work energetically with the authorities of Serbia and Montenegro in order to solve these problems with a view to a rapid launching of a feasibility study for a Stabilisation and Association Agreement with Serbia and Montenegro.

The Council expressed its satisfaction on the arrest of Veselin Slijvancanin, the last of the indictees of the Vucovar case. This positive development is an additional indication of the determination of Serbia and Montenegro to improve co-operation with the ICTY.

- Serbia and Montenegro/Kosovo

The Council welcomed the intention of Belgrade and Pristina to enter, shortly after the Thessaloniki Summit, into a direct dialogue on practical issues of mutual interest.

- Action against individuals supporting ICTY indictees

The Council instructed its competent bodies to examine in the shortest possible time an extension of the list annexed to the Common Position 2003/280/CFSP of 16 April 2003, and which aims at preventing the entry into or transit through the EU of individuals supporting ICTY indictees.

- Preparations for the EU-Western Balkans Thessaloniki Summit

The Council took note of the progress made in the preparations for the EU-Western Balkans Thessaloniki Summit on 21 June, which will constitute an important new step in further enhancing the relationship between the EU and the Western Balkans. As far as the EU was concerned, the Council reached political agreement on the draft Joint Declaration that is to be adopted by the Summit. Furthermore, in response to the invitation by the European Council of 21 March 2003 to examine ways and means to further strengthen the Union's stabilisation and association policy towards the region, based also on the experience from the enlargement process, the Council adopted 'The Thessaloniki Agenda for the Western Balkans: moving towards European integration' (attached in Annex), and decided to forward it to the Thessaloniki European Council. This could provide the content of a shared agenda to be endorsed by the EU-Western Balkans Summit.

- Annual review of the Stabilisation and Association Process

The Council concluded its annual review of the Stabilisation and Association process for South-Eastern Europe, assessing progress made by the countries of the region in their efforts towards European integration and making recommendations on the way ahead. It adopted the Conclusions in annex and decided to forward them to the Thessaloniki European Council.

The Council called on the countries of the region to subscribe to the conclusions, as well as to the recommendations by the Commission contained in its SAP Report, relevant for the implementation of the necessary reforms, which, in addition to providing for the needs of their citizens, will also allow for their further progress towards the EU.

Annex A

The Thessaloniki agenda for the Western Balkans:

Moving towards European integration

The Copenhagen European Council in December 2002 confirmed the European perspective of the countries of the Western Balkans, as potential candidates, and underlined its determination to support their efforts to move closer to the European Union. The European Council in March 2003 reiterated that the future of the Western Balkans is within the European Union and pledged the Union's full support to the endeavours of the countries of the region to consolidate democracy, stability and to promote economic development.

The Western Balkans and support to their preparation for future integration into European structures and ultimate membership into the Union is a high priority for the EU. The Balkans will be an integral part of a unified Europe. The ongoing enlargement and the signature of the Treaty of Athens in April 2003 should inspire and encourage the countries of the Western Balkans to follow the same successful road of reforms and to increase their efforts in that direction.

During the last four years, the European Union's policy of Stabilisation and Association has contributed critically to progress achieved throughout the region in promoting stability and in bringing the countries closer to the Union. It now needs to be strengthened and enriched with elements from the enlargement process, so that it can better meet the new challenges, as the countries move from stabilisation and reconstruction to sustainable development, association and integration into European structures. The Union's thus enriched policy of Stabilisation and Association, including the Stabilisation and Association Agreements, will constitute the overall framework for the European course of the Western Balkan countries, all the way to their future accession.

The EU recalls the Commission's second annual SAP report, which reflects accurately both progress achieved and remaining problems, as well as challenges ahead for each of the Western Balkan countries. Its recommendations, fully endorsed by the Council, should guide the efforts of the countries for further reforms.

The EU stresses that the pace of further movement of the Western Balkan countries towards the EU lies in their own hands and will depend on each country's performance in implementing reforms, thus respecting the criteria set by the Copenhagen European Council of 1993² and the SAP conditionality. In this context, the EU also recalls the content of the Zagreb Summit Final Declaration of November 2000. The principles of "own merits" and "catch up" will be applied, in parallel with the regional approach, which remains an essential element of EU policy towards the region.

1. Further consolidating peace and promoting stability and democratic development

Having in mind the considerable progress achieved in the last two years, but also its fragility and unevenness, the EU will continue to work closely with the Western Balkan countries to further consolidate peace and to promote stability, democracy, the rule of law, and respect for human and minority rights. Inviolability of international borders, peaceful resolution of conflicts and regional co-operation are principles of the highest importance. Terrorism, violence and extremism, be it ethnically, politically or criminally motivated, should be unequivocally condemned.

The EU reiterates its support for the full implementation of Resolution 1244 of the UN Security Council on Kosovo and of the 'standards before status' policy. On this basis, the people of a multiethnic and a democratic Kosovo will have their place in Europe. The Dayton / Paris agreements and subsequent Peace Implementation Council decisions, and the Ohrid and Belgrade agreements, are key elements of EU policy. Full compliance by all countries and parties concerned is essential.

Recalling that all Western Balkan countries are parties to the International Criminal Court, the EU urges them to support, fully and in deed, its work and the integrity of its statute, in line with the relevant EU decisions.

The EU urges all concerned countries and parties to co-operate fully with the International Criminal Tribunal for the former Yugoslavia. Recalling that respect for international law is an essential element of the SAP, the EU reiterates that full co-operation with ICTY, in particular with regard to the transfer to The Hague of all indictees and full access to documents and witnesses, is vital for further movement towards the EU.

The EU supports activities and initiatives in the Western Balkan countries promoting social cohesion, ethnic and religious tolerance, multiculturalism, return of refugees and internally displaced persons and combating regressive nationalism. Ensuring civilian control over the military is a critical element of democratic reform. Legislative and administrative reforms on arms sales compatible with the «European code of conduct» should be promoted.

Support to activities aiming at defending women's rights and improving their situation should be better reflected in EU policies towards the region. Involvement of non-governmental organisations, civil society and local authorities in EU supported policies and activities is of paramount importance.

The launching of the EU Police Mission in Bosnia and Herzegovina in January 2003, and of Operation Concordia in the former Yugoslav Republic of Macedonia, as well as the EU's willingness to lead a military operation in Bosnia and Herzegovina following SFOR, are tangible proof of the Union's commitment to the Western Balkans.

² Stability of institutions guaranteeing democracy, the rule of law, human rights and the respect for and protection of minorities; the existence of a functioning market economy; the capacity to cope with competitive pressure and market forces within the Union, and the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

While the EU is deepening its engagement in Southeast Europe, continued US involvement is necessary. Close co-ordination with the US on Balkan issues is a high priority for the EU. The Balkans will continue to be on the agenda of the EU dialogue with Russia, as well as with other relevant countries, in recognition of the importance of stability in the region. Continued co-operation with the UN, NATO, OSCE, Council of Europe and other international organisations operating in the area, is essential.

2. Progress of Western Balkan countries towards the EU within an enriched Stabilisation and Association Process

Recent progress achieved by the countries of the Western Balkans allowed for further movement towards the Union through the SAP. The continuation of the ratification procedure of the SAAs with the former Yugoslav Republic of Macedonia and Croatia, the opening and progress of negotiations for a SAA with Albania, the launching by the Commission of a feasibility study for a SAA with Bosnia and Herzegovina and the adoption in Serbia and Montenegro of the Constitutional Charter and the presentation of the Internal Market and Trade Action Plan, on which the Commission will work energetically with the authorities to solve some still outstanding problems with a view to a rapid launching of a Feasibility Study for that country as well, illustrate this positive trend. The Croatian application for membership is currently under examination by the Commission.

The EU's commitment and assistance must be matched by a genuine commitment of the governments of the Western Balkan countries and concrete steps to make the necessary reforms, to establish adequate administrative capacity and to co-operate amongst themselves. Building fully functioning states capable of providing for the needs of their citizens remains a major challenge for the whole region. The fight against organised crime and corruption is essential for ensuring the rule of law. The EU expects the Western Balkan countries to pursue these objectives at an accelerated pace, thus allowing the prompt passage of each of them to the next stage of relations with the EU within the Stabilisation and Association Process.

The Council welcomes the Commission's communication 'The Western Balkans and European Integration' and will take forward its conclusions and recommendations.

Promoting political dialogue and co-operation in the area of Common Foreign and Security Policy

The Thessaloniki summit will launch a high-level multilateral political forum, the EU-Western Balkans Forum, between the EU and the SAP countries, in line with the GAC conclusions of 13 May 2002. As an integral part of the SAP, this will bring together periodically the heads of state or government of the region and their EU counterparts. Annual meetings of foreign ministers and ministers responsible for Justice and Home Affairs will be held as appropriate. Other ministers can also meet when appropriate. Acceding and candidate countries will be fully involved. The Council welcomed the intention of the incoming EU Italian Presidency to organise the first ministerial meetings before the end of the year.

The aim of the forum will be to give a clear signal of the privileged and inclusive relationship between the EU and the SAP countries; to enhance the political visibility of the SAP; to provide a supporting political framework for achieving the objectives of the SAP, including regional co-operation, and to deepen the understanding of the association process in the perspective of rapprochement and accession; to discuss key issues of common concern in areas such as foreign policy, and Justice and Home Affairs, to provide a genuine European framework for addressing issues with regional and international implications; and to inform and associate the SAP countries on major developments in the EU.

Annual troika EU-Western Balkans meetings at the Political Director level could be held at the margins of the UN General Assembly to discuss international issues, in particular those on the UNGA agenda.

The EU will invite, as appropriate, the SAP countries to align themselves with EU demarches, declarations and common positions on CFSP issues. Participation of SAP countries in co-ordination and briefing meetings organised by the EU for candidate and associated countries in capitals and headquarters of international organisations could also be considered, as appropriate.

Bilateral political dialogue at ministerial level between the EU on the one part, and Albania, Croatia and the former Yugoslav Republic of Macedonia on the other is already held on the basis of existing arrangements. It will be extended to Serbia and Montenegro and Bosnia and Herzegovina in advance of the conclusion of the respective SAAs. To that end, joint declarations will be adopted between the EU and the two states.

The SAP countries may be invited by the Political and Security Committee troika, jointly or individually, to participate to informal meetings, the objectives of which would be to exchange views on security and crises management issues in the Western Balkans, as appropriate.

Parliamentary co-operation

Joint 'Stabilisation and Association Parliamentary Committees' could be established with all SAP countries, even before conclusion or entry into force of the respective SA agreements. To this end, appropriate arrangements could be agreed with the SAP countries. The European Affairs Committees of the Parliaments of the SAP countries will be encouraged to establish contacts with the Parliaments of Member States.

European Partnerships

European Partnerships will be drawn up for each SAP country, inspired by the Accession Partnerships for candidate countries, and adapted to the specificities of the SAP. These partnerships, updated as necessary, will identify priorities for action in supporting efforts to move closer to the European Union. They will serve as a checklist against which to measure progress, and to provide guidance for Community and Member State financial assistance. They will reflect the particular stage of development of each country; they will be tailored to its specific needs and will be drawn up following contacts with the countries concerned.

The countries of the region will be expected to draw up national plans for the implementation of the partnerships. Progress in implementation will be followed through the SAP structures and will be monitored in the Commission's Annual Reports.

The Commission is invited to submit the first set of Partnerships to Council for approval with the next SAP Annual Reports, following the procedure established for the Accession Partnerships.

Enhanced support for Institution Building

The instrument of *twinning* will be extended to all SAP countries, taking into account their specific situations. Twinning will be financed under the CARDS programme.

SAP countries will become eligible for technical assistance by *TAIEX*³, including for monitoring the compatibility of national legislations of SAP countries with the community acquis. This technical assistance will be delivered through activities adapted to their specific needs and level of rapprochement to the EU.

Existing *monitoring* mechanisms for the implementation of commitments by SAP countries will be strengthened and streamlined.

In the framework of efforts to support the implementation of necessary reforms in the field of public administration, the Commission is invited to examine ways that would offer students from the SAP countries the opportunity to develop legal thinking and understanding of the principles that form the basis of Western democratic systems and the EU. The establishment of a regional *School for Higher Education on Public Administration Reform* and the establishment of a scholarship scheme could be considered.

Particular attention should be given to the provision of expertise from the new member states, in the light of their own successful transition process and preparations for EU membership.

Opening of Community Programmes

Community programmes will be opened to SAP countries along the lines established for the participation of candidate countries. On the basis of framework agreements to be signed between the Community and each of the SAP countries and providing for the opening in principle of such programmes, the Commission will gradually implement them, by deciding on the specific programmes that would be opened in each case and agreeing with the respective countries on the modalities (through the conclusion of Memoranda of Understanding).

³ Technical Assistance Information Exchange Office.

Priority areas for the opening of Community programmes could include education and training, culture, research, energy, environment, civil society, SME support, and anti-fraud co-ordination.

SAP countries could be allowed to participate in Community agencies, in ways similar to those established for candidate countries.

The Commission is invited to submit specific proposals to these ends, including draft framework agreements for the opening of Community programmes, taking into account the needs and possibilities of each country, including financial constraints (CARDS contribution and national financing), and the necessary administrative capacity.

Enhanced Community Financial Support

Efforts by Western Balkan countries to meet requirements for rapprochement to the EU will continue to be matched by substantial EU financial support. Without prejudice to the budgetary procedures, the Council welcomes the Commission's proposal for an increase in the CARDS budget by more than Euro 200 million over the period 2004-2006, as a clear expression of this intent and a good basis for the discussions in the oncoming budget procedures; it invites the Budgetary Authority to reflect this in its deliberations. Taking into account the overall balance of the Union's priorities, the possibility of further support, in particular by mobilising the European Investment Bank, should also be explored.

As the Western Balkan countries move closer to the EU, Community assistance will have to be adjusted accordingly. Within the framework of the discussions on the future financial perspective and without prejudice to their outcome, the Council invites the Commission to consider possible support to the region, drawing from the experience of the present enlargement process and aiming at sustainable development.

In case of special need, the EU is ready to examine, in co-ordination with international financial institutions, the possibility of granting, on an exceptional basis, further macro-financial assistance, in accordance with established practice.

3. Fighting organised crime. Co-operation in other Justice and Home Affairs matters

Organised crime

Organised crime and corruption are real obstacles to democratic stability, sound and accountable institutions, the rule of law, and economic development in the Western Balkans and a source of grave concern to the EU. Combating them must constitute a key priority for the governments of the region. Particular focus should be placed upon fighting all forms of trafficking, particularly of human beings, drugs and arms, as well as smuggling of goods.

Although the SAP countries have made some progress, continued efforts at all levels will be crucial to advance further in fighting organised crime. Their commitment must be sustained through effective implementation of all instruments necessary in this combat, including improved administrative and judicial capacity. Continuous political support in each country is equally essential.

In the context of the follow up of the London Conference on organised crime, the EU welcomes the submission of Records of Achievements by each of the Western Balkan countries. These records are a strong signal of the region's commitment to take ownership in the fight against organised crime and demonstrate progress in the areas for priority action. In order to maintain the momentum achieved, the EU urges the countries of the region to define and implement further specific action-oriented measures to be pursued in the immediate future. The EU through its competent bodies stands ready to assist the region in identifying these measures.

The Council welcomes the intention of the incoming Italian Presidency to hold a meeting of Ministers dealing with JHA matters by the end of the year.

The EU expects countries of the region to commit themselves in Thessaloniki to adopt, within a specified timeframe, all necessary legislation in order to negotiate agreements with Europol. On the basis of such agreements Europol can assist with the implementation of the Action Plans adopted at the London Conference.

Regarding *trafficking in human beings*, the EU urges the countries of the region to act both domestically and regionally, in line with the principles of the EU and proposals contained in the Brussels Declaration of September 2002. The EU places high priority on the areas of victim assistance, training programs of competent bodies, intelligence and exchange of information, public awareness and strategy development. Co-ordination of all international actors is essential.

Co-operation in other Justice and Home Affairs issues

In order to cope effectively with *illegal migration* flows originating in or transiting through Western Balkans, the EU encourages co-operation between the appropriate authorities of the Western Balkan countries and the *Immigration Liaison Officers* (ILOs) of the EU member states, in the framework of the establishment of the ILOs Network aiming at enhancing the efficiency of the fight against illegal migration and organised crime. It also supports the conclusion and implementation of *readmission agreements* among the SAP countries themselves and between the SAP countries and third countries; the Commission could provide useful guidance to the SAP countries in this field. The EU will also carry forward its policy of concluding readmission agreements with all the countries of the region. The Western Balkan countries are invited to take all necessary measures to facilitate the conclusion and ensure the implementation of such agreements.

The EU is aware of the importance the peoples and governments in the Western Balkans attach to the perspective of liberalisation of the *visa regime*. Meanwhile, progress is dependent on these countries implementing major reforms in areas such as the strengthening of the rule of law, combating organised crime, corruption and illegal migration, and strengthening their administrative capacity in border control and security of documents. The Council welcomes the intention of the Commission to hold discussions, within the framework of the Stabilisation and Association Process, with each of the Western Balkan countries, regarding the requirements for how to take these issues forward in concrete terms.

The EU welcomes the Common Platform and the Way forward document adopted at the *Ohrid May 2003 conference* on border security and management. It calls on the countries concerned to take all the concrete and specific measures necessary for the achievement of the objectives defined in these documents.

Policies and instruments applicable to the Western Balkan countries should fully incorporate the broader JHA objectives that the EU is pursuing. The EU should also encourage the transfer of the experience of the acceding and candidate countries to their SAP neighbours.

Further use of the instrument of twinning in the area of the Justice and Home Affairs will be encouraged.

Assistance programmes related to the Justice and Home Affairs should be strengthened.

4. Promoting Economic Development

Economic prosperity is essential for long-term stability in the region. Although significant progress has been made in all Western Balkan countries toward macroeconomic stabilisation, the development of a modern market economy is a slow process, requiring persistent efforts over a wide front of structural reforms. The transition from centrally planned to functioning market economies requires further reform efforts in many areas, also taking into account the objectives of sustainable development.

The EU urges the countries in the region, acting in close co-operation with relevant international financial institutions, to maintain and expand the hard-won gains in macroeconomic stability, which is a pre-condition for lasting economic growth, through prudent fiscal and monetary policies; to accelerate the momentum of structural reforms, especially in the areas of tax policy and administration, mainly by promoting the principles of transparency and accountability and supporting sound management in the public sector; the financial sector should be closely supervised and the privatisation process taken forward; to promote good governance and create a business environment that promotes private economic activity and foreign investment. The EU will continue to provide assistance in this area, in co-ordination with international financial institutions.

The EU takes note of the important work accomplished by the infrastructure steering group for South-East Europe, chaired by the Commission and associating IFI's and the Stability Pact in identifying major priority infrastructure projects in transport, energy and telecommunications in South-Eastern Europe. The Thessaloniki summit should express its support for the ongoing work within the framework of the Regional Balkans Infrastructure Study (REBIS). The drawing of an integrated regional transport strategy, consistent with the Trans-European Networks and taking into account the Pan-European Corridors (in particular Corridors V, VII, VIII and X), is a high priority. The Council invites the Commission, to liaise with the IFIs and the EIB, in order to present a report by December 2003, referring to a planning of public investment needed for the financing of the priority network for the better connection of the Western Balkans to the EU. It calls upon the Commission to take into account the Western Balkan countries in its forthcoming proposal, for the revision of the Transeuropean Transport Network Guidelines of the enlarged EU. The EU also takes note that, under the revision of the TEN Energy Guidelines, the establishment of efficient electricity connection between South-East Europe and the European Union has been agreed, as part of the priority axes.

Environmental protection is an important element of sustainable development. The EU encourages the Western Balkan countries to introduce environmental policies and strategies geared towards compliance with EU environmental law. In particular, environmental issues should be addressed across the energy sector, especially in the scope of the Kyoto protocol.

The EU supports the Commission's proposal to hold regular economic dialogue with each SAP country.

Having in mind the importance of trade for economic development and integration, the EU will consider further measures of liberalising its trade with the Western Balkans. The Council invites the Commission

- To provide to the SAP countries *technical assistance* and undertake other possible measures to improve their ability to take full advantage of the Autonomous Trade Measures.
- To prepare the extension of the pan-European *diagonal cumulation* of origin to the countries of the region in a manner consistent with all relevant community policies and dependent on their administrative capacity.
- To consider taking appropriate measures to allow SAP countries to *participate in tenders* organised under the pre-accession (Phare, ISPA, SAPARD), Tacis, and MEDA community assistance programmes.
- To explore the possibility of *further trade liberalisation measures* in areas, which have hitherto been exempted.

Considering that an agreement governing energy trade would substantially contribute in attracting investment into this strategic sector, the Council welcomes the Commission's initiative to propose the extension of the Internal Energy Market to the region as a whole, on a legally binding basis.

Small and medium-sized enterprises are a key source of jobs, innovation and wealth and are essential for the functioning of competitive market economies. Consequently, it is important to improve the environment in which small and medium-sized enterprises operate. At the Thessaloniki summit, Western Balkans countries should be invited to commit themselves to the principles enshrined in the *European Charter for Small Enterprises*, thus allowing them to share good practice with other European countries.

Economic development in the region will also be promoted by increased regional co-operation in areas such as liberalisation in trade and movement of persons, energy, development of infrastructures, water management and cross-border co-operation.

5. Reconciling for the Future and Enhancing Regional Co-operation

Return of refugees and internally displaced persons

The EU encourages further return of refugees and internally displaced persons, and fully supports relevant regional activities, notably MARRI (Migration, Asylum and Refugee Regional Initiative). *The Council* urges the countries of the region to enact and enforce anti-discrimination legislation to ensure fair and proportionate representation of minorities in employment, especially in public institutions; to provide adequate security conditions, non-discriminatory education and all other basic social services; to address remaining obstacles to return, most of which are related to repossession of property, reconstruction of destroyed property and resolution of the issue of lost tenancy/occupancy rights. In this context, the authorities of the countries of the region are invited to establish, enact and implement a satisfactory national legal framework on property issues, preferably by the end of 2003. Emphasis should be placed on monitoring the initiatives undertaken by the countries of the region in the area of return and reintegration.

Promoting reconciliation through education, social development and culture

The EU places high priority in initiatives and activities aiming at reconciling for the future, through overcoming legacies of the past, which are obstacles to normalisation and democratic development. In this respect, the role of education, social development and culture is essential in changing mentalities, promoting tolerance, ensuring ethnic and religious coexistence and shaping modern democratic societies.

In this framework and in parallel with other relevant activities in these fields, the EU invites the countries of the Western Balkans to take concrete steps to tackle the issue of restoration of cultural and religious monuments. The relevant commitments of the countries could be part of broader bilateral agreements on cultural issues. The EU also invites the countries of the region to take concrete initiatives with the objective of revising history textbooks. The possibility of convening an experts meeting to discuss the issue, tentatively by the end of 2003, could be considered.

With respect to the aforementioned issues, close and efficient co-operation and interaction should be ensured with relevant regional and international bodies, such as UNESCO, the Council of Europe, the Stability Pact and the SEECP, as well as non-governmental organisations, so as to avoid overlapping and to make the most of resources available.

Enhancing Regional Co-operation

The EU invites the Western Balkan countries to continue to develop regional co-operation, which constitutes an essential element of the Stabilisation and Association Process. The Thessaloniki summit should reiterate support for regional co-operation and, within this context, Western Balkan countries are invited to commit themselves to promote a number of specific objectives or initiatives:

- Further development of regional free trade: Western Balkan countries, together with Bulgaria and Romania, commit themselves to complete the network of bilateral Free Trade Agreements, on the basis of the 2001 Memorandum of Understanding by the end of the year, through necessary ratifications. They could also commit themselves to harmonise the dispositions of their FTAs, with a view of establishing a free-trade zone in full respect of WTO rules, within a specified timeframe. The Stability Pact should continue to be the framework for promoting and monitoring this activity, in close co-ordination with the Commission.
- Visa-free movement in the Western Balkans: The countries of the Western Balkans could commit themselves to explore the possibility of abolishing visa requirements for travel between their countries, through bilateral agreements, also ensuring compatibility of such measures with EU requirements. This exercise could be conducted under the auspices of the Stability Pact.
- Small arms collection: The EU will continue to encourage a regional approach to activities on small arms collection, including the work of the 'South Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons' (SEESAC), operating under the auspices of the Stability Pact in co-operation with the UNDP.

- Regional markets for electricity and gas: The Thessaloniki summit should express its support for the process initiated in November 2002 with the signing in Athens of the Memorandum of Understanding on the Regional Electricity Market in South-East Europe and its integration into the EU Internal Electricity Market (the 'Athens process'). It should also express its support for the establishment of a similar process with respect to gas, on the basis of proposals by the European Commission due within 2003. The Stability Pact could continue to play a key role in this area. The EU encourages the countries of the region to adopt a legally binding South-East Europe Energy Market Agreement, by the end of this year, building on the basis of the Memorandum of Understanding. This Agreement should also deal with the promotion of investment by creating a co-ordination mechanism for the energy sector financing, associating the countries of the region, the Commission, the IFT's and the Stability Pact.
- Water management: Recalling the importance of trans-boundary water management issues in the region, the positive experience from the Danube co-operation process and the Sava River Basin co-operation, and in line with the conclusions of the May 2003 informal meeting of environment ministers of the EU and South-East Europe, and the declaration adopted by the conference 'Sustainable Development and Lasting Peace, Shared Water, Shared Future, Shared Knowledge' in May 2003, the Thessaloniki summit should recommend the drawing up of Integrated Water Resources Management Plans for trans-boundary water bodies in the region and subsequent national plans within the framework of the EU Water Initiative – Mediterranean component.
- Cross-border-co-operation: The EU supports the development of cross-border-co-operation between the SAP countries, as well as between these countries and EU members, acceding and candidate states. Ways to ensure adequate financial support to these activities should be explored. It stresses the relevance for the region of ongoing efforts to co-ordinate the various EU cross-border initiatives.
- The EU also supports projects of regional significance and regional initiatives in the areas of *science and technology, information and communication technology, and statistics*. The EU calls for the adoption, at the forthcoming research ministers' conference in Thessaloniki, of the EU-Balkan countries Action Plan in Science and Technology and for its implementation, which will highly contribute to the reinforcement of the Research, Technology and Development capacities of each country and of the region as a whole.
- The European Affairs Committees of Parliaments of the countries of the region should be encouraged to develop their contacts at regional level, including, for example, by creating a Balkan Conference of European Affairs Committees. The Conference could apply for a special status in the COSAC.⁴

The EU reconfirms its support to the Stability Pact for South-eastern Europe in its complementary role to the SAP and in its implementation of the agreed core objectives. It takes note of the Special Co-ordinator's complementarity report and of the conclusions of the Regional Table of May 2003 in Cavtat. Within this framework, the Thessaloniki summit should invite the Stability Pact to particularly focus on the following specific tasks: further development of the regional free trade network, implementation of the MoU on REM and possible extension to gas, freedom of movement and cross-border-co-operation also on a local level and organised crime/corruption, keeping in mind the importance of all these aspects for improving conditions for investment and economic growth in the region.

The Summit should also reiterate its support to the South-East European Co-operation Process (SEECP), which is gradually becoming the voice of the region, and of other regional co-operation initiatives, such as the Adriatic-Ionian Initiative and the Central European Initiative. It shall encourage further co-operation between the Stability Pact and the SEECP, as well as with the Commission, within the framework of the Informal Consultative Committee (ICC). Enhanced co-operation with the SEECP could be facilitated by the establishment of a small SEECP liaison office in the Stability Pact premises in Thessaloniki.

The Stability Pact, as well as other regional co-operation initiatives are encouraged to present concrete proposals, in close co-ordination with the Commission, on how they could further promote the aforementioned ends with a view to develop fully the regional co-operation element of the SAP.

⁴ Conférence des Organes Spécialisés en Affaires Européennes.

2003 Annual Council Review of the SAP for South Eastern Europe

Council conclusions

In line with its conclusions of 9 April 2001, the Council conducted its annual review of the Stabilisation and Association Process for South-Eastern Europe (SAP), covering Albania, Bosnia and Herzegovina, Serbia and Montenegro, Croatia and the former Yugoslav Republic of Macedonia. It welcomed the European Commission's second annual report on the SAP, shared the assessment therein and fully endorsed its recommendations.

The Council underlined the importance of the annual Commission reports on the SAP, which should assist the countries in adopting European values and standards. Recalling that the future of all the SAP countries lies within the EU, the Council recalled the importance of the full respect for the Copenhagen criteria of 1993, the SAP conditionality of 1997 and 1999 and the content of the final declaration of the Zagreb Summit of November 2000, and urged the countries of the region to intensify their efforts for the implementation of the necessary reforms.

The Thessaloniki Summit between the Heads of State and Government of the EU and the countries of the Stabilisation and Association process, to be held on 21 June 2003, will constitute a new and important step in further enhancing the relationship between the EU and the Western Balkan countries. Since the review was concluded on the eve of this important event, the Council, after assessing the general situation in the Western Balkans and in each of the SAP countries, focussed on ways and means to help the countries, in a spirit of mutual benefit, in their reforms efforts and to further strengthen the Union's Stabilisation and Association policy towards the region, in line with the conclusions of the March 2003 European Council in Brussels. The relevant decisions are included in the Thessaloniki Agenda for the Western Balkans, which the Council adopted in a separate document.

GENERAL REVIEW OF THE SITUATION AND ASSESSMENT OF SAP INSTRUMENTS

The Council noted with appreciation that all SAP countries are pushing ahead with political, economic and administrative reforms. Substantial progress has been achieved in terms of reconstruction and stabilisation of the region. Political stability has been enhanced and the functioning of democracy has improved. Civilian control over the military has been strengthened. Regional co-operation has also improved. Macro-economic stability has been sustained and inflation has come down.

However, the Council concurred with the Commission's assessment that shortcomings, slow progress and weak implementation in the reform process in many sectors continued to impede further movement towards their ultimate goal of EU membership. The economic situation in many countries remains weak and fragile, and more needs to be done to ensure a sustainable economic development. In many cases political will for the necessary reforms has not always come up to expectations. The Council underlined the importance of enhancing local ownership of the reform process. Further progress in the rule of law field is required. The Council urges all the SAP countries to strengthen the fight against corruption and organised crime, which still seriously affect the social, political and economic life in the region. Co-operation with ICTY, though improved, remains insufficient. The Council recalls that full co-operation of all countries with ICTY is essential for further movement towards the EU. Despite some progress achieved, much remains to be done concerning the return of refugees and IDP's as well the protection of minorities. Efforts should also be directed at implementing a legal framework aiming at developing civil society and securing the independence of the media.

The EU remained strongly committed to supporting the countries in their own efforts to overcome these shortcomings within the SAP.

The Council, recalling its conclusions of 13 May 2002 on the need for an evaluation of the effectiveness and coherence of the various SAP instruments (mechanisms of preparation for a Stabilisation and Association Agreement, level of implementation of the SAA, Autonomous Trade Measures, CARDS) in reaching the objectives of the SAP, took note of the initial assessment prepared by the Commission. It looks forward to a more detailed and elaborated evaluation, as soon as sufficient data are available, thus allowing an in depth analysis. This analysis should be part of the next SAP review, in March 2004.

The Council stressed particularly the importance of the CARDS program in assisting the beneficiary countries individually, as well as the region as a whole, in their reform efforts. The Council confirmed the importance that the annual CARDS programs, the EU assistance and the actions undertaken by the SAP countries take the recommendations identified in the Commission's annual SAP report into account. As mandated by the CARDS Regulation, the Council is looking forward to receiving, by June 2004, the Commission's evaluation report on this Regulation, together with proposals regarding its future.

Despite a limited increase of exports from the Western Balkans towards the EU, following the preferences that the EU granted to the region through the autonomous trade measures, the Council noted that the SAP countries have not yet reaped the full benefit of these trade preferences. In this respect, measures need to be taken urgently to improve the situation, notably regarding the efficient functioning of the customs authorities, respect of sanitary and phytosanitary requirements and the promotion of a competitive exports capacity.

The presence of the EU Police Mission in Bosnia and Herzegovina as of 1.1.2003, the launch of the EU-led military operation "Concordia" in the former Yugoslav Republic of Macedonia on 31 March 2003, as well as the willingness indicated to lead a military operation to follow SFOR in Bosnia and Herzegovina, are further illustrations of the commitment of the E.U to the region.

INDIVIDUAL ASSESSMENT OF THE SAP COUNTRIES

The Council welcomed the country assessments annexed to the Commission's report. While commending some progress made on the implementation of the recommendations contained in last year's report, it noted with concern that the attention and resources allocated by the countries to that end were not always adequate. The Council reiterated that the speed with which each country moves towards the EU depended on its increasing ability to fulfil all obligations and criteria required of each and every country wishing to join the EU. In this regard, the recommendations contained in the Commission's report, as well as the Council's annual assessment are intended to help the countries focus their attention for the year ahead on specific priority areas.

Equally, the Council recalled the importance it attached to the respect for democratic principles and human rights, the protection of minorities and full implementation of international obligations, including full co-operation with ICTY, the implementation of legal reforms, the development of functioning and democratically accountable administrations, progress towards market economies, and the promotion of regional co-operation, as outlined in the individual country assessments, which are vital for the States' ability to continue progressing on the path towards European integration.

The Council endorsed the recommendations for the next 12 months for each SAP country assessment, and called on each country to swiftly strengthen its record on implementation.

➤ Albania

The Council recalled that political stability and progress on reforms allowed the opening of negotiations with Albania for a Stabilisation and Association Agreement. The continuation and consolidation of a good political climate and a sustainable policy of reforms remain a prerequisite for further progress towards the EU. Focus should be on effective implementation of the reforms. In this context, the Council also underlined the importance for Albania to take the necessary measures to build up the still lacking capacities to implement the future agreement. The means and the independence of the judiciary need continuous strengthening, as well as the fight against corruption and organised crime, including trafficking in human beings and drug trafficking. Reforms in the police should also be considered as a priority. The Council also urged Albania to accelerate the implementation of structural reforms. The Council commended Albania for its continuous constructive regional role. It also stressed the importance of organising and holding the forthcoming local elections in a free, fair and orderly manner. The Council urged the Albanian authorities to redouble their efforts, thus allowing for the SAA negotiations to advance without delays.

➤ Bosnia and Herzegovina

The Council welcomed the important advances achieved, which led to the substantial completion of the road map and the launching by the Commission of the Feasibility Study. The Council remained concerned at the fragility of the state institutions and the lack of sufficient support by the entities, which are vital in order for Bosnia and Herzegovina to move closer to the EU. It highlighted the responsibility of the present government, the first one elected for a four-year term, in transforming Bosnia and Herzegovina into a self-sustaining State. The Council also underlined the importance of enhancing local ownership. It expressed its full support to the efforts of EUSR/HR Lord Ashdown. The Council called upon BiH authorities to redouble their efforts to fully co-operate with ICTY.

Following the positive results achieved so far in the field of return of refugees and IDPs, it stressed the need for this issue to remain a priority, with an emphasis on sustainability. It called upon the BiH authorities to resolutely engage into reforms in order to move towards the EU. It reminded the BiH authorities that the positive outcome of a Feasibility Study, which would allow for the opening of negotiations for a SAA, was dependent on their active commitment and ability to implement vigorous reforms. It finally expressed its confidence that, in its capacity as chairman in office of the SEECP, Bosnia and Herzegovina will further promote regional co-operation and initiatives.

➤ Croatia

The Council welcomed the considerable progress made by Croatia over the last years in various areas. It also recalled that the country's application for EU membership is currently under examination by the Commission. However, the Council noted the ongoing need for reform in some sectors. Despite some progress on the relevant legislation, the judiciary remains an area of particular concern. Achieving full co-operation with ICTY, including with regard to access to military archives, remains of utmost importance. The Council expects more progress regarding the implementation of the recently adopted media legislation and Constitutional law on minorities. Progress is also required on refugee return, in which very little was achieved in the last year, in particular with regard to the integration of the Serb minority.

➤ Former Yugoslav Republic of Macedonia

The Council welcomed the progress achieved in the field of political stability and the implementation of the Ohrid Framework Agreement. It recalled that the full and rapid implementation of this agreement remains the only way for former Yugoslav Republic of Macedonia (fYROM) to move towards the EU. It expected all political forces to honour the agreement reached, and to unite their efforts in order to address in good faith the series of outstanding serious social, political and economic issues, which continue to impede the country's development. The Council emphasised its commitment to a multi-ethnic and democratic fYROM. While welcoming initial progress, the Council also noted the need to accelerate the pace of reforms, including administrative, economic and security sector reforms. The authorities also need to step up the fight against organised crime, corruption and human rights violations. The Council also called on fYROM to comply fully with the obligations arising from the Interim Agreement, and to continue building up the necessary capacities to implement the Stabilisation and Association Agreement.

➤ Serbia and Montenegro

The Council welcomed the adoption of the Constitutional Charter and the Implementing Law, which provided for the restructuring of the state and the presentation of the Internal Market and Trade Action Plan, on which the Commission will work energetically with the authorities to solve some still outstanding problems with a view to a rapid launching of a Feasibility Study. The Council reiterated its strong support for the state union, the full functionality of which remained a key element for further rapprochement towards the EU and the stability of the region. In light of the slower-than-hoped-for progress regarding the necessary reforms, caused by the long debate on constitutional issues that distracted attention from other priority areas, the Council expected the authorities to increase now the pace of reforms and their implementation. The Council expressed its appreciation for the recent progress achieved by the Serbian authorities against organised crime structures in the aftermath of the assassination of PM Djindjic, as well as in the reform of the Ministry of defence. Co-operation with ICTY however must improve, particularly as regards all indictees who are still at large and full access to documents and witnesses requested. The dialogue at expert level, aiming at accelerating the pace of necessary reforms, should also be continued.

The Council stressed also the need for a multiethnic and democratic Kosovo to further advance towards the EU within the SAP, in full compliance with UNSC resolution 1244. Sustainable returns and integration of refugees, as well as economic development to the benefit of the entire population should remain top priorities. Expressing its support to the "standards before status" policy, the Council called upon the provisional institutions to focus more on building the necessary capacities for reforms and their implementation, within the framework of the transferred competencies. The Council recalled the importance it attributes to a dialogue between Belgrade and Pristina on practical issues of mutual interest."

MIDDLE EAST

– MIDDLE EAST PEACE PROCESS - Council Conclusions

"The Council recalled that in Aqaba there was a clear commitment to end terrorism and violence and full support for the Roadmap. Those choosing another way will face consequences.

Terrorist activities must cease immediately. Hamas and other groups must therefore accept the offer of the Palestinian Authority, promoted by Egypt and accept a total ceasefire with the objective of allowing the immediate and faithful implementation of the Quartet Roadmap.

Hamas Izz al-Din al-Qassem (the so-called military wing) is already on the EU list of proscribed organizations for asset freeze. The Council is now urgently examining the case for wider action against Hamas fund raising.

The Council called also on Israel to take action to restore trust and abstain from any punitive measures, including extra-judicial killings.

The Council underlined the need for countries of the region to be constructive in the fight against terrorism. Tackling the direct or indirect financing of terrorism remains a priority for the EU.

Finally, the Council expressed its support to the Palestinian Authority's commitment to make rapid progress on security, paving the way to the two states solution. "

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In the margins of the Council, the EU Troika met with the Palestinian Authority (Minister Shaath) and with the Egyptian Foreign Minister, Mr Maher.

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Over lunch, Ministers had an exchange of views on the succession of the EU Special Representative for the Middle East Peace Process, Mr Moratinos.

– IRAQ

Ministers also discussed the situation in Iraq following adoption of UN Security Council Resolution 1483 and the appointment of UNSC Special Representative Sergio Viera de Mello, and in the perspective of further stabilisation and reconstruction efforts in the country. Ministers invited the Commission to pursue possible options for EU contributions to reconstruction. Discussions on Iraq will continue in Thessaloniki.

– *IRAN - Council Conclusions*

- "1. The Council discussed developments in relations with Iran following its decision to launch negotiations on agreements concerning trade and co-operation and political dialogue.
2. The Council recalled that in deciding to open these negotiations it expected that deepening of economic and commercial relations between the EU and Iran should be matched by similar progress in all other aspects of the EU's relations with Iran. It identified in particular the need for significant positive developments on human rights, non-proliferation, terrorism and the Middle East Peace Process. The Council continues to have significant concerns about these issues, especially in respect of the handling of the recent demonstrations.
3. In particular, the Council has taken note with concern of the Report on implementation of the NPT safeguards agreement in the Islamic Republic of Iran submitted by the Director General of IAEA on June 6.
4. The nature of some aspects of Iran's programme raises serious concerns, in particular as regards the closing of the nuclear fuel cycle, especially the uranium centrifuge, announced by President Khatami. The Council stressed the need for Iran to answer timely, fully and adequately all questions raised regarding its nuclear programme. It called on Iran to fully co-operate with the IAEA.
5. The Council called on Iran to conclude and implement urgently and unconditionally an Additional Protocol. This would be a significant step in demonstrating Iran's stated peaceful intentions with regard to its nuclear programme.
6. The Council reiterated its full support to the Director General of IAEA and decided to revert to this issue in the light of the forthcoming debate at the Board of Governors.
7. The Council will continue to follow closely developments on this issue and the other areas of concern. It reiterates that progress in these matters and strengthened dialogue and co-operation are interdependent, essential and mutually reinforcing elements of EU-Iran relations."

EU-US RELATIONS

The Council held a brief exchange of views on EU–US relations, with a view to the discussion to be held by the European Council at Thessaloniki on 19 and 20 June and the EU–US Summit scheduled for 25 June in Washington. (See also under "Items approved without debate" the point "Preparations for the EU-US Summit").

BURMA/MYANMAR - Council Conclusions

- "1. The Council discussed the recent developments in Burma/Myanmar and expressed its continued grave concern over the events of 30 May 2003 and the deteriorating overall situation. The Council urged the Burmese authorities to immediately release Daw Aung San Suu Kyi as well as other members of the National League for Democracy (NLD), and to re-open NLD offices and universities throughout the country.
2. The Council called on the Burmese authorities to ensure that those responsible for the attacks on Daw Aung San Suu Kyi and her colleagues at Saging during which a number of deaths occurred are held to account.
3. In order to re-launch a process of national reconciliation and transition to democracy in Burma/Myanmar, the Council urged the authorities to enter into a substantial and meaningful political dialogue with the NLD as well as other political groups. The Council reiterated its call to Burma to respect its promises to release all political prisoners and expressed its deep concern over the noted increase of politically motivated arrests.
4. The Council expressed its support for the ongoing efforts of the UNSG Special Representative to Burma/Myanmar, Ambassador Razali, and reiterated its support for the UN's vital role in bringing about political progress in Burma/Myanmar.
5. Moreover, the Council encouraged the ASEAN countries and their key partners, in particular China, India and Japan, to use their influence to actively promote the necessary political change in Burma/Myanmar.
6. In accordance with its commitment to react proportionately to developments in Burma/Myanmar and in light of the serious deterioration of the situation in the country, especially over the last weeks, the Council decided to implement without delay the strengthened sanctions originally envisaged to enter into force by October 2003. The Council also decided to monitor closely the further evolution of the situation in Burma/Myanmar, and reaffirmed its readiness to react proportionately to future developments.

The Council further decided to postpone the Troika visit on a political level previously scheduled to take place before the end of October 2003."

CUBA - Council Conclusions

The Council adopted the following Conclusions:

"The Council examined developments in Cuba and reaffirmed its grave concern about the serious deterioration of the human rights situation in the country.

The Council recalled the measures announced by the EU on June 5 2003 and considered the behaviour of the Cuban Authorities towards the EU, its Member States and acceding States, unacceptable.

The EU will continue to monitor the situation in the country and in particular of the Cuban citizens engaging in peaceful political opposition. All those detained for political reasons should be released immediately.

The EU is currently evaluating its Common Position in the light of the situation."

LIBYA

The Council took note of a request by the Italian delegation that a follow-up mission be sent to Libya to examine arrangements for combating illegal immigration, in the light of a recent exploratory mission by the Commission. It agreed that the Council's preparatory bodies should prepare terms of reference for the mission.

AFGHANISTAN

Over coffee, Ministers were briefed by EU Special Representative for Afghanistan, Francesc Vendrell, on recent developments in that country, with concern being voiced about developments especially in the security field.

MEETINGS IN THE MARGINS OF THE COUNCIL

In the margins of the Council, the following meetings were held:

- Ministerial Meeting with Egypt
- Accession Conferences at Ministerial Level with Bulgaria and Romania
- Meeting with the Council Of Europe
(Council press release n° 10228/03 - Presse 162).

ITEMS APPROVED WITHOUT DEBATE**ESDP****The EU Armaments Sector****Restructuring challenges - Council Resolution**

The Council adopted the following Resolution on restructuring challenges in the European Union armaments sector:

" THE COUNCIL OF THE EUROPEAN UNION,

- (1) RECOGNISING the need to further advance the restructuring of the European defence industry in order to reduce overcapacity and uneconomic duplications, to achieve economies of scale, to enhance competitiveness and, thus, achieve and maintain leading edge competency in critical defence-related technologies and capabilities.
- (2) RECOGNISING the restructuring in the European defence industry as necessary in order to maintain a strong and competitive technological and industrial base, with appropriate transatlantic links, in the face of increased global competition.
- (3) CONSIDERING that the consolidation of defence industrial assets has already started to create interdependence links among EU Member States.
- (4) RECOGNISING the importance of the European defence industry as major national, regional, and transnational employer and the national, regional, and EU-wide implications of its restructuring.
- (5) ACKNOWLEDGING the contribution of the defence industries of the new Member States to European industrial and technological capabilities.
- (6) CONSIDERING that the enlargement of EU could exacerbate existing structural problems in the European defence industry.
- (7) UNDERLINING the specific characteristics of the armaments sector.
- (8) RECOGNISING the primary responsibility incumbent upon the defence industry in the task of restructuring.
- (9) RECALLING paragraph 35 of the Conclusions of the European Council of 21 March 2003,

1. RECOGNISES the importance of the challenges created by the accession of new Member States for the overall European defence industry on which the EU attaches a great importance.
2. HIGHLIGHTS the challenges to face in order to ensure that the European industrial and technological basis is in a position to support the supply requirements of the European security and defence policy.
3. WELCOMES the Commission's intention to launch a monitoring activity namely with a view to:
 - analyse the current situation of the defence industry in the EU, stressing existing deficiencies and structural problems, and taking into account already finished studies on specific sectors;
 - analyse the situation of defence industry in the acceding States, exploring their specific industrial/technological strength;
 - assess the implications of the EU enlargement on the European defence technological and industrial base.
4. INVITES the Commission to regularly report progress made on this analysis and affirms the Council's intention to consider how its results may be taken forward."

Security of Supply - Council Resolution

The Council adopted the following Resolution on security of supply within EU in the field of armaments sector:

"THE COUNCIL

Recognising that security of supply is relevant to many products, services and resources of vital importance to the Union and its Member States;

Recognising that security of supply calls for a wide range of initiatives aimed at diversification of sources and technologies;

Acknowledging that the globalisation of the defence marketplace, highlights that security of supply of critical products, materials, and services to meet national defence requirements is an issue of increasing concern;

Recognising that a degree of interdependence already exists in Europe as a result of current co-operation on major defence equipment programs, and of the ongoing consolidation in the defence industry;

Underlining paragraph 35 of the conclusions of the European Council of 21 March 2003;

Recognising that the promotion of a more competitive and robust European defence technological and industrial base will support and encourage the development of a common European security and defence policy;

Acknowledging the need to maximise the efficiency of the limited resources devoted to defence research and technology by each Member State and wishing to encourage co-operation in this field among these;

1. INVITES the Presidency, consulting Member States and, as appropriate, the Commission:

To analyse the parameters of a comprehensive EU-wide approach of the security of supply, in the defence field, taking into account, inter alia:

- Facilitation of transnational activities.
- Diversification of sources of supply.
- Reduction of dependency on a single supplier, whether European or otherwise.

2. The Presidency will report on progress made to the Council by the end of 2004."

EXTERNAL RELATIONS

International Criminal Court (ICC)

(Doc.10400/03)

The Council adopted a Common Position on the International Criminal Court updating for the second time its June 2001 Common Position, which was already amended in June 2002.⁵ The objective of the Common Position is to support the effective functioning of the Court and to advance universal support for it by promoting the widest possible participation in the Rome Statute.

The new Common Position takes into account the events since June of last year, not least the entry into force on 1 July 2002 of the Rome Statute on the International Criminal Court (ICC) and the fact that the Court is now fully functional. Another development mentioned in the updated Common Position is the Council Conclusions of 30 September 2002 on the ICC, and the EU Guiding Principles annexed thereto, with regard to proposals for arrangements concerning conditions for the surrender of persons to the Court. On this issue, the Common Position notes that the EU and its Member States will follow closely developments concerning effective co-operation with the Court in accordance with the Statute and in this context will continue, as appropriate, to draw the attention of third States to the Council Conclusions of 30 September 2002 and to the EU Guiding Principles.

⁵ OJ L 155 of 12.6.2002, p. 19 and OJ L 164 of 22.6.2002, p.1.

EU Special Representatives

(Docs. 10376/03 - 10378/03 - 10379/03 - 10380/03 - 10381/03)

The Council adopted Joint Actions extending until 31 December 2003 the mandates of the Special Representatives of the European Union:

- in Afghanistan;
- for the African Great Lakes;
- to act as Special Co-ordinator for the Stability Pact in South-Eastern Europe.

It adopted Joint Actions amending and extending, until 31 December 2003, the mandates of the Special Representatives:

- for the Middle East Peace Process (the amended mandate notably includes the implementation of a programme relating to security issues, for which the EUSR may be assisted by an expert charged with the practical implementation of operational projects related to security);
- in the former Yugoslav Republic of Macedonia (the amended mandate includes the conduct, together with the EU Force Commander in the country and in co-ordination with the Presidency, of a regular dialogue with the FYROM authorities on the progress of the EU-led military mission).

Liberia - Restrictive measures

(Doc. 10008/03)

The Council adopted a Regulation concerning certain restrictive measures in respect of Liberia.

UN Security Council Resolutions 1343 of 7 March 2001 and 1408 of 6 May 2002 imposed restrictive measures on the government of Liberia for its support to armed rebel groups in the region. These measures have been implemented at EU level (Common Position of 7 May 2001, as last amended on 19 May 2003, and Council Regulation of 22 July 2002)⁶

In particular, providing Liberia with technical training or assistance related to the provision, manufacture, maintenance or use of arms and related material of all types including weapons and ammunition, military vehicles and equipment, and spare parts for the aforementioned are prohibited. The direct or indirect import of rough diamonds from Liberia is also prohibited.

By Resolution 1478 of 6 May 2003, the Security Council decided to extend the application of these measures for twelve months and also decided to prohibit all imports of round logs and timber products originating in Liberia for a period of 10 months from 7 July 2003. The Regulation implements Resolution 1478 as far as the territory of the European Community is concerned.

⁶ OJ L 126 of 8.5.2001, p.1 and OJ L 124 of 20.5.2003, p. 49 and OJ L 194 of 23.7.2003, p. 1.

Preparation for the EU-United States Summit

The Council took note of information about the state of play of preparations for the EU–US Summit to be held on 25 June 2003 in Washington. The President of the European Council, Prime Minister Simitis, assisted by SG/HR Solana and President Prodi will represent the EU. Commission VP de Palacio and Commissioner Lamy will also be present. While the Summit agenda has not yet been finally determined, it is expected to include Iraq, the Middle East, Counter–terrorism, Non–proliferation/weapons of mass destruction and economic and trade issues.

Relations with Russia

(Doc. 10213/03)

The Council noted a Presidency report on the implementation of the EU Common Strategy on Russia, and recommended that the European Council take note of it. It also recommended that the European Council adopt an extension of the Common Strategy by a year until June 2004.

The EU Common Strategy on Russia was adopted by the Cologne European Council in June 1999.

Relations with the Mediterranean Region

The Council noted a Presidency report on the review of the implementation of the EU Common Strategy on the Mediterranean Region, and recommended that the European Council take note of it. The EU Common Strategy on the Mediterranean was adopted at the Feira European Council in June 2000.

Wider Europe - New Neighbourhood - Council Conclusions

(Doc. 10447/03)

The Council adopted the following Conclusions:

- "1. The enlargement of the European Union on 1 May 2004 represents a historic step for the entire European continent and presents a unique opportunity to strengthen co-operation with its neighbours to the East and to the South. The Council recalls the Declaration adopted by the European Conference in Athens on April 17th, 2003.
2. Noting that geographical proximity will generate converging interests and increase the importance of working together to address common challenges, the EU wishes to define an ambitious new range of policies towards its neighbours based on shared values such as liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law. This should be seen as separate from the question of possible EU accession that is regulated by article 49 of the Treaty on European Union.

3. The Council welcomes the Communication of the Commission “Wider Europe - Neighbourhood: a new framework for relations with our Eastern and Southern Neighbours” as well as contributions made by the High Representative, and considers that they provide a good basis for developing a new range of policies towards Ukraine, Moldova, Belarus, Algeria, Egypt, Israel, Jordan, Lebanon, Libya⁷, Morocco, Palestinian Authority, Syria, Tunisia and, at the same time reinforcing EU-Russia strategic partnership. At a later stage, the Council will examine whether the Southern Caucasus countries could also be covered within these policies.
4. The new neighbourhood policies should not override the existing framework for EU relations with Russia, the Eastern European countries, and the Southern Mediterranean partners, as developed in the context of the relevant agreements, common strategies, the Northern Dimension Initiative and of the Barcelona Process. They should encourage and support policies of the New Eastern and Southern Neighbours aimed at coming closer to the EU. Implementation of existing agreements remains a priority.
5. The overall goal of the new policies will be :
 - a. To work with the partners to reduce poverty and create an area of shared prosperity and values based on free trade, deeper economic integration, intensified political and cultural relations, enhanced cross-border co-operation and shared responsibility for conflict prevention and conflict resolution.
 - b. To anchor the EU's offer of concrete benefits and preferential relations within a differentiated framework which responds to progress made by the partner countries in defined areas, in particular political and economic reform as well as in the field of JHA.
6. The EU's approach could therefore be based on the following incentives:
 - a. More effective political dialogue and co-operation.
 - b. Intensified co-operation to prevent and combat common security threats.
 - c. Greater co-operation in conflict prevention and crisis management.
 - d. Perspectives for participating progressively in the EU's Internal Market and its regulatory structures, including those pertaining to sustainable development (health, consumer and environmental protection), based on legislative approximation.
 - e. Preferential trading relations and further market opening in accordance with WTO principles.
 - f. Enhanced co-operation on matters related to legal migration.
 - g. Enhanced co-operation to tackle drugs trafficking, trafficking in human beings and organised crime, through, inter alia, support for border management and cross-border co-operation.
 - h. Enhanced cultural co-operation, mutual understanding and people-to people contact.
 - i. Perspectives of integration into transport, energy and telecommunications networks and the European Research Area.

⁷ Libya has been invited to accept the Barcelona acquis in order to join the Barcelona Process.

- j. New instruments for investment promotion and protection while preserving the respective competences of the Community and the Member States.
 - k. Support for WTO accessions and integration into the global trading system.
 - l. Enhanced and improved assistance, better tailored to needs, including improved interaction of all relevant sources of finance, including IFIs'.
 - m. Promotion of intra-regional, sub-regional and cross-border co-operation.
 - n. Enhanced co-operation in the field of education, training, and science.
 - o. Enhanced co-operation in environmental protection.
7. Differentiation will be the basis for the new EU policies towards its neighbours, which will be implemented by Action Plans. Action Plans will become key policy instruments of the EU for relations with the neighbouring countries over the medium term. These should be political documents, building on existing agreements and setting out clearly the over-arching strategic policy targets, common objectives, political and economic benchmarks used to evaluate progress in key areas, and a timetable for their achievement which enable progress to be judged regularly. They should be concise, complemented where necessary by more detailed plans for sector-specific co-operation, and should inform EC country assistance.
8. On the basis mentioned above, the Council invites the Commission with the contribution, where appropriate, of the High Representative, to:
- a. launch dialogue within existing frameworks on achievements and failures of meeting agreed targets under existing agreements;
 - b. from 2004 onwards, present proposals for Action Plans for all countries concerned as appropriate, commencing i.a. with Ukraine, Moldova, and Southern Mediterranean partners with Association Agreements;
 - c. examine measures to improve the interoperability between the different relevant instruments for support to the border areas and further alignment of TACIS, PHARE, CARDS, MEDA and INTERREG programmes and report thereof to the Council;
 - d. present a communication on a new Neighbourhood Instrument, focussing on promoting sustainable economic and social development of the bordering countries and pursuing regional and trans-national co-operation, including people-to-people contacts, and on ensuring the smooth functioning and secure management of the Eastern and Mediterranean borders, based on the evaluation of existing instruments and as an integral part of the consideration of the relevant financing instruments in the new financial perspectives after 2006.
9. At the appropriate time, on the basis of evaluation of implementation of existing agreements and taking into account the principle of differentiation, the EU will examine the scope for new or enhanced agreements. These would supplement existing contractual relations where the EU and the neighbouring country have moved beyond the existing framework."

European Diplomacy on Environment and Sustainable Development (Doc 10342/03)

The Council welcomed an initiative by the Presidency on a European Diplomacy on Environment and Sustainable Development aimed at further implementing the Strategy on the integration of the environmental dimension in the EU's external policies adopted by the Council on 11 March 2002.

The Council endorsed in particular the establishment of a network of experts to allow a better communication of information on cross-cutting issues of sustainable development and environmental integration in external relations.

EU-Japan Agreement concerning cooperation on anticompetitive activities

The Council adopted a Decision on the conclusion of an Agreement regarding the application of the competition rules of the European Community and Japan.

The purpose of this Agreement is to contribute to the effective enforcement of the competition laws of each Party through promoting cooperation and coordination between the competition authorities of the Parties and to avoid or lessen the possibility of conflicts between the Parties.

EU-Morocco Agreement on scientific and technical cooperation

The Council adopted a Decision approving the signing of an Agreement on Scientific and Technical Cooperation between the European Community and Morocco.

The Agreement is aimed at establishing a framework for scientific and technological research with a view to extending and intensifying the conduct of cooperative activities in areas of common interest and to encourage the application of the results of such cooperation to the economic and social benefit of Member States and Morocco.

EU-Tunisian Republic Agreement on scientific and technical cooperation

The Council adopted a Decision approving the signing of an Agreement on Scientific and Technical Cooperation between the European Community and the Tunisian Republic.

The Agreement is aimed at establishing a framework for scientific and technological research with a view to extending and intensifying the conduct of cooperative activities in areas of common interest and to encourage the application of the results of such cooperation to the economic and social benefit of Member States and Tunisia.

EUROPEAN ECONOMIC AREA (EEA)

EC – Norway Agreement on certain agricultural products

(Doc 9774/03)

The Council adopted a Decision on the conclusion of the Agreement in the form of an exchange of letters between the EC and the Kingdom of Norway concerning certain agricultural products.

The agreement is the result of bilateral trade negotiations in the agricultural sector which took place from 4 March to 18 December 2002. It comprises a consolidated agreement for reciprocal trade in cheese and mutual concessions for a variety of agricultural products, including tariff quotas, which are additional to existing preferences.

The entry into force of these bilateral concessions is foreseen on 1 July 2003.

Cooperation outside the four freedoms

(Doc 9406/03)

The Council approved a draft Decision of the EEA Joint Committee amending Protocol 31 of the EEA Agreement on cooperation in specific fields outside the four freedoms.

The amendment aims at extending co-operation in the fields of education, training and youth. It provides a framework for co-operation and sets out the modalities for full participation of the EEA EFTA States in the Community programmes and actions in these fields.

Maritime Safety Agency

(Doc 9291/03)

The Council approved a draft Decision of the EEA Joint Committee amending Annex XIII (Transport) to the EEA Agreement so as to extend cooperation in the field of transport. The Decision provides a framework for cooperation and sets out the arrangements for the EEA-EFTA States' full participation in the European Maritime Safety Agency.

EFTA

Negotiations with the Swiss Confederation: Overall State of Play

The Council took note of a progress report from the Presidency on a number of negotiations underway between the European Union and Switzerland.

ENERGY

Electricity and gas liberalisation - *public deliberation*

- **Rules for the internal market in electricity**
- **Rules for the internal market in gas**
- **Network access for cross-border exchanges in electricity**

The Council adopted two Directives and a Regulation aimed at accelerating the liberalisation of the EU's gas and electricity markets, accepting all of the amendments voted by the European Parliament in second reading under the co-decision procedure.

The texts provide for the liberalisation of Community electricity and gas markets for non-household users by 1 July 2004, and a complete opening for all users by 1 July 2007. They establish provisions on the unbundling of transmission and distribution operators, public service obligations, regulatory tasks and third party access to gas storage, as well as rules on pricing and the allocation of available interconnection capacities for cross-border exchanges in electricity.

The texts adopted are as follows:

- Directive of the European Parliament and the Council aimed at amending Directive 96/92/EC concerning rules for the internal markets in electricity (*doc. 10011/03+COR 1 (pt) + doc. 8965/03 + doc. 7218/01*);
- Directive of the European Parliament and the Council aimed at amending Directive 98/30/EC concerning rules for the internal markets in gas (*doc. 10016/03 + doc. 8965/03 + doc. 7218/03*);
- Regulation of the European Parliament and the Council on conditions of access to the network for cross-border exchanges of electricity (*doc. 10017/03 + COR 1 (en) + doc. 8965/03 + doc. 7218/03*).

Trans-European energy networks - *public deliberation*

The Council adopted a Decision laying down a series of guidelines for trans-European energy networks following an agreement reached with the European Parliament in second reading under the co-decision procedure. This Decision is aimed at revising Decision 1254/96 in order to introduce new priorities and update the list of projects as well as the procedure for identifying them.

The Council and the European Parliament reached an agreement whereby priority projects for trans-European energy networks should have a significant impact on the competitive operation of the internal market and/or should strengthen security of supply in the Community. The amendments adopted also limited the Community financial aid to construction and maintenance projects which are duly justified.

The Commission will present a report every other year on the implementation of this Decision. In particular, attention will be given to progress made in the carrying out of priority projects and to the modalities of their financing, especially as regards the contribution of Community funding.

Intelligent Energy Programme - *public deliberation*

The Council adopted a Decision on a multiannual programme for action in the field of energy: "Intelligent Energy for Europe" (2003-2006), following an agreement reached with the European Parliament in second reading under the co-decision procedure.

This Programme is aimed at improving energy efficiency, supporting initiatives relating to all energy aspects of transport and promoting renewable energy sources both at Community and at international level.

The amendments agreed on by Council and European Parliament refer to EUR 200 million as financial framework for the implementation of this programme.

AGRICULTURE

Olive oil

(Docs 9877/03, 9878/03, 9879/03)

The Council adopted a Decision establishing the Community position in respect to the prolongation of the International Agreement on Olive Oil and Table Olives, 1986. The purpose of this Decision is to authorise the Commission on behalf of the Community to vote in favour of the prolongation of the Agreement for a period of up to 18 months. The objective of the Agreement is to promote international co-operation in the field of olive oil and table olives. The European Union is a major player in the funding of the Institution in charge of the implementation of the Agreement, the International Olive Oil Council (IOOC).

The International Agreement on Olive Oil and Table Olives of 1986, of which the Community is a member, entered into force on 1 July 1986. It was amended in 1993 and its application prolonged to 1998. It has been extended twice for further periods of two years until 31 December 2000 and 31 December 2002. In December 2002 it was extended for a period of six months ending on 30 June 2003.

TRADE

EU - US Trade in Marine Equipment

The Council adopted a Decision on the signing, on behalf of the Community, of an Agreement between the EC and the USA on the Mutual Recognition of Certificates for Marine Equipment.

The main objective of the Agreement is the facilitation of EU-US trade in marine equipment through ensuring the recognition of certificates of conformity, based on the equivalence between the Parties' respective regulations and conformity assessment requirements for a specific product.

EU - Czech Republic : PECA amendment

The Council adopted a Decision on the signing, on behalf of the Community, of an Agreement amending the Protocol to the Europe Agreement establishing an Association between the EC and their Member States, on the one hand, and the Czech Republic, on the other hand, on conformity assessment and acceptance of industrial products (PECA).

Article 8 of the PECA provides that it applies only to goods originating in the Parties according to non-preferential rules of origin. This provision is amended in order to extend the coverage of the PECA to industrial products irrespective of their origin.

EU - Republic of Hungary : PECA amendment

The Council adopted a Decision on the signing, on behalf of the Community, of an Agreement amending the Protocol to the Europe Agreement establishing an Association between the EC and their Member States, on the one hand, and the Republic of Hungary, on the other hand, on conformity assessment and acceptance of industrial products (PECA).

Article 8 of the PECA provides that it applies only to goods originating in the Parties according to non-preferential rules of origin. This provision has been amended in order to extend the coverage of the PECA to industrial products irrespective of their origin.

GENERAL AFFAIRS

Interinstitutional agreement on better law-making

(Doc 10212/03)

The Council adopted the draft interinstitutional agreement on better law-making so that, in accordance with the Presidency conclusions of the Brussels European Council on 20 and 21 March 2003, the Thessaloniki European Council can confirm that the negotiations have been completed.

According to the draft agreement, the institutions agree, in exercising the powers and following the procedures laid down in the Treaty, and in recalling the importance which they attach to the Community method, to abide by general principles such as democratic legitimacy, the principles of subsidiarity and proportionality, the principle of legal certainty, the promotion of simplicity, clarity and consistency in the drafting of law and the utmost transparency of the legislative process. They call on the Member States to ensure proper, speedy transposition of EU legislation into national law within the time limits laid down in Community law, pursuant to the Stockholm, Barcelona and Seville European Council presidency conclusions.

The agreement will be adopted formally only after it has been revised by the three institutions' legal and linguistic experts. It will be signed when the internal procedures of each of the three institutions concerned have been completed.

Statute for Members of the European Parliament

(Doc 10452/03)

The Council approved the letter to Mr. Pat Cox, President of the European Parliament, in response to his proposal for a decision laying down the general conditions governing the performance of the duties of its Members in accordance with Article 190 (5) of the EC Treaty (Statute for Members of the European Parliament).

The Council welcomes many elements of the proposal, especially the steps towards the reimbursement of expenses on the basis of costs actually incurred and appreciates the EP's desire to have a Statute for its Members that reflects the dignity of their office. It notes the offer of the President of the EP to engage in a dialogue on this question and accepts that invitation.

However, the Council is not in a position to give its approval to this proposal, in particular with regard to those articles which seek to modify primary law, to the question of taxation at EC and national level - an element which requires Council's unanimous agreement, the age of retirement, the level of the salary and the budgetary consequences.

Second Progress Report on economic and social cohesion

The Council adopted the Structural Actions Working Party's Report (*doc. 8317/03 + COR 1 (en) + COR 2 (en) + COR 3 (pt)*) which expressed the delegation's comments and views on the Commission's second progress report on economic and social cohesion (*doc. 5976/03*).

The Commission's report has been prepared in fulfilment of the Commission's commitment to keep the Council regularly informed on progress in cohesion in Europe. It presents an update of the analysis of the situation and trends emerging in the regions, along with the main topics of the debate during 2002 on the future of cohesion policy.

It is recalled that the Council (General Affairs) held an initial debate on the Commission's report at its meeting on 25 February and instructed its preparatory bodies to further examine it with a view to reporting back to one of its forthcoming sessions.

Annual Policy Report for 2004

(Doc 9997/2/03)

The Council took note of the report on the dialogue conducted with the Commission on its Annual Policy Strategy for 2004 following its presentation to the Council on 19 March 2003.

In the course of the dialogue, delegations generally welcomed the main priorities set out for 2004 – i.e. the accession of the new Member States, stability, and sustainable growth. They also took note of the key initiatives proposed with a view to fulfilling those priorities, as well as of the clarifications provided by the Commission on a number of points.

Delegations furthermore formulated a number of remarks with a view to the stocktaking document which the Commission intends to present in the autumn in the light of the dialogue held with the Council and the European Parliament.

JUSTICE AND HOME AFFAIRS

Integration of third country nationals

(Doc 10527/03)

The Council adopted the draft conclusions on the development of a policy at EU level on the integration of third country nationals legally residing in the territory of the European Union.

Improving consular cooperation

(Doc 10529/03)

The Council adopted the draft conclusions on improving the efficiency of and intensifying consular cooperation between the Member States in third countries.

DEVELOPMENT

Specific measures to improve maternal health and to help combat poverty diseases in developing countries - *public deliberation*

The Council adopted two Regulations providing for 351 million euros of aid for measures to combat poverty diseases – HIV/AIDS, malaria and tuberculosis – and 73.95 million euros of aid for policies and actions on reproductive and sexual health and rights in developing countries, in accordance with the agreement reached at its session on 20 May.

The two Regulations are part of the European Union's contribution to meeting two of the eight Millennium Development Goals adopted by Heads of State and Government at the United Nations in 2000. These two Goals are aimed at:

- Halting the spread of HIV/AIDS, malaria and other major diseases by 2015 and beginning their reverse.
- Reducing the maternal mortality ratio by three-quarters between 1990 and 2015.

For more details, see Press Release *doc. 9488/03 Presse 145*.

EDUCATION

eLearning Programme - public deliberation

The Council adopted a common position, the German delegation voting against, concerning the proposal for a Decision on a multi-annual programme (2004-2006) for the effective integration of information and communication technologies (ICT) in education and training systems in Europe (so-called *eLearning Programme*). The common position will be forwarded to the European Parliament for a second reading, in accordance with the co-decision procedure.

The Council set a budget of EUR 33 million for the common position.

The proposal aims in particular at promoting “virtual campuses”, where the objective is to support agreements between universities in order to promote students’ “virtual mobility” (e.g. joint on-line courses). It also aims to promote the “virtual twinning” of secondary schools (“e-twinning”), enabling young people to participate in a co-operation project with pupils from other countries through the Internet, while they are still at school. The updating of teachers’ and trainers’ ICT skills will also be addressed.

It is recalled that, the Council reached political agreement on the common position at its meeting on 5-6 May 2003.

For further details, please consult Press Release doc. 8430/03 on the Council’s website (<http://ue.eu.int/newsroom/>; Council; Education, Youth and Culture).

Erasmus Mundus- public deliberation

The Council adopted a common position concerning a proposal for a Decision on a multi-annual programme (2004-2008) for the enhancement of quality in higher education and the promotion of intercultural understanding through co-operation with third countries (so-called Erasmus Mundus). The common position will be forwarded to the European Parliament for a second reading, in accordance with the co-decision procedure.

The budget set by the Council for the common position is EUR 180 million.

The proposed programme aims to make higher education in the Union more attractive to students and teachers in third countries by means of scholarships and the setting up of around 90 inter-university networks, which will provide some 250 “European Masters Courses”. The proposal would allow for post-graduate students from third countries to receive grants at a level of circa EUR 21000 per year, an amount considered comparable to that of other international programmes, such as the U.S. Fulbright Scholarships. The proposal also provides for the mobility of European students and teachers to third countries.

It is recalled that, the Council reached political agreement on the common position at its meeting on 5-6 May 2003.

For further details, please consult Press Release doc. 8430/03 on the Council’s website (<http://ue.eu.int/newsroom/>; Council; Education, Youth and Culture).

APPOINTMENTS**Office for Harmonisation in the Internal Market**

The Council decided to renew the term of office of Mr Walter PEETERS as a member of a Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) for the period from 1 July 2004 to 30 June 2009.

The Council also decided to appoint Ms Maria BRA, as member of a Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) for a period of five years.. The date on which the five-year period will commence shall be determined by the Administrative Board of the Office for Harmonisation in the Internal Market (Trade Marks and Designs).
