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Subject: ENLARGEMENT AND STABILISATION AND ASSOCIATION PROCESS
– Council conclusions

Delegations will find attached Council conclusions on Enlargement and Stabilisation and Association Process as adopted by the Council on 11 December 2012.

GENERAL AFFAIRS COUNCIL

COUNCIL CONCLUSIONS

ON ENLARGEMENT AND STABILISATION AND ASSOCIATION PROCESS

ENLARGEMENT STRATEGY

1. In line with the renewed consensus on enlargement approved by the European Council on 14 and 15 December 2006, and the Council conclusions of 5 December 2011, the Council welcomes the communication from the Commission of 10 October 2012 on the Enlargement Strategy and Main Challenges 2012-2013, the progress reports on Turkey, Iceland, Montenegro, the former Yugoslav Republic of Macedonia, Serbia, Albania, Bosnia and Herzegovina, as well as the comprehensive monitoring report on Croatia's state of preparedness for EU membership, and notes the feasibility study for a Stabilisation and Association Agreement with Kosovo* and takes note of the conclusions and recommendations therein.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

2. Enlargement remains a key policy of the European Union. At a time when the European Union faces major challenges, the enlargement process continues to reinforce peace, democracy and stability in Europe and allows the EU to be better positioned to address global challenges and pursue its strategic interests. The prospect of accession drives political and economic reforms, transforming societies, consolidating the rule of law and creating new opportunities for citizens and business in those European countries who want to become part of the project of an ever closer union among the peoples of Europe built on shared values. The accession of Croatia on 1 July 2013, subject to the completion of ratification procedures, as well as the start of accession negotiations with Montenegro and the granting of candidate status to Serbia are a strong testimony that, when conditions are met, the EU delivers on its commitments, and strengthen the process of reconciliation in the Western Balkans region, demonstrating the transformative and stabilising effect of the enlargement process to the benefit of both the EU and the region as a whole.
3. The Council recalls the renewed consensus on enlargement and reaffirms the importance of its coherent implementation, which is based on consolidation of commitments, fair and rigorous conditionality, better communication, combined with the EU's capacity, in all its dimensions, to integrate new members, with each country being assessed on its own merits. A credible enlargement policy is key to maintaining the momentum of reform in the countries concerned, and public support for enlargement in the Member States. The Council remains firmly committed to taking the enlargement process forward on the basis of agreed principles and conclusions.

4. Strengthening the rule of law and democratic governance remains crucial for enlargement countries to come closer to the EU and later to fully assume the obligations of EU membership. The Council notes with satisfaction that the new approach to negotiations on judiciary and fundamental rights and on justice, freedom and security, resulting from the experience of previous accession negotiations, has put rule of law issues, including the fight against organised crime and corruption, at the centre of the EU's enlargement policy. The new approach provides for the above-mentioned issues to be tackled early in the enlargement process, and reaffirms the need for solid track records of reform implementation to be developed throughout the negotiation process, with the aim of ensuring sustainable and lasting reforms. The Council recalls that the new approach envisages incentives and support to the candidate countries, as well as corrective measures, as appropriate. An overall balance in the progress of negotiations across chapters should be ensured. The Council welcomes that the new approach has been applied in the negotiating framework of Montenegro laying also the foundation for future negotiation processes. It expresses its satisfaction that the rule of law is now firmly anchored at the heart of the accession process. The Council also welcomes the cooperation with Europol in this area, as well as the closer interaction with Member States, and the Commission's intention to reinforce its assessments and reporting to the Council on organised crime for each Western Balkans country, on the basis of specific contributions prepared by Europol.

5. The Council recalls that in a number of enlargement countries problems affecting freedom of expression, including political interference in the media continue to be a matter of particular concern, and invites the Commission to closely monitor developments in this area. The Council welcomes the Commission's intention to prioritise these issues in the accession process, including the planned "Speak Up!" conference with media and civil society stakeholders from the Western Balkans and Turkey in the first half of 2013. The Council underlines the importance of protecting and ensuring the enjoyment of the full range of human rights, including the rights of persons belonging to minorities, and without distinction as to the sexual orientation or gender identity of persons, including the right to freedom of assembly, expression and association, and the importance of promoting a culture of tolerance. Furthermore, the work on improving social and economic inclusion of vulnerable groups, including the Roma, should continue, in particular through the EU Framework for National Roma Integration Strategies.
6. Enlargement countries are also affected by the global economic and financial crisis, which has highlighted the interdependence of national economies both within and outside the EU. In this regard, the Council underlines the importance of strengthening economic recovery as well as the EU's commitment to continue assisting these countries with policy advice and financial assistance. Further efforts to deliver structural reform, fiscal consolidation and EU-related reforms, including embracing Europe 2020, should accelerate this recovery and growth, and help these countries prepare for the new surveillance procedures in the Economic and Monetary Union. In light of the far-reaching changes to economic governance in the EU currently underway and the already high level of economic integration of the enlargement countries with the EU, the Union will continue to inform and associate these countries to changing economic governance in EU. The Council welcomes the Commission's intention to gradually adapt economic surveillance of enlargement countries. The Council also welcomes the initiative of the Commission to use the Western Balkans Investment Framework to help prepare and support investments in the region.

7. The Council reiterates that regional cooperation and good neighbourly relations remain essential parts of the enlargement process. They contribute to prosperity, stability, reconciliation and a climate conducive to addressing open bilateral issues and the legacies of the past. The Council encourages all parties concerned to address bilateral issues, falling outside areas of EU competence and/or contractual obligations towards the EU, in a constructive spirit, as early as possible, taking into account overall EU interests and values.
8. The Council takes note of the ongoing work on a new Instrument for Pre-Accession Assistance (IPA), which will form the new framework for providing pre-accession assistance under the 2014-2020 multi-annual financial framework. It shares the Commission's aim to strengthen the link between financial assistance and policy priorities for each enlargement country, including strengthening democratic institutions and the rule of law, good governance, and more focus on socio-economic development. The Council considers that this new Instrument should, inter alia, increase flexibility and simplify procedures, while ensuring visibility, accountability and full transparency of actions undertaken, strengthened ownership and improved results and impact. The role of civil society should be enhanced both in programmes implemented through government bodies and as direct beneficiaries of EU assistance.

Croatia

9. The Council notes with satisfaction the ongoing process of ratification of the Accession Treaty and looks forward to welcoming Croatia as a member of the Union as of 1 July 2013, subject to successful completion of ratification procedures by Member States.
10. The Council welcomes the Commission's comprehensive monitoring report on Croatia's state of preparedness for EU membership and the accompanying monitoring tables, and takes note of the findings therein.

11. The Council has assessed thoroughly the monitoring report and tables, and notes with satisfaction that Croatia has continued to make progress in adopting and implementing EU legislation, is completing its alignment with the *acquis*, and has achieved substantial results in a number of areas. It is essential that Croatia sharpens its focus on the ten key issues highlighted by the Commission, in the fields of competition policy, judiciary and fundamental rights, and justice, freedom and security. At the same time, the Council notes that there are also a number of commitments undertaken by Croatia during accession negotiations in these and other chapters, where further or increased efforts are required from Croatia. In line with Article 36 of the Accession Treaty and with relevant European Council conclusions and Council conclusions, the Council reiterates the importance it attaches to close monitoring of Croatia's fulfilment of all its commitments undertaken in the accession negotiations, including those which must be fulfilled before accession. In this regard, the Council endorses the specific recommendations in the Commission's report and urges Croatia to address without delay the concerns highlighted in order to ensure that its preparations are successfully completed, and that this can be reflected in the Commission's final monitoring report on Croatia's preparations to be presented in spring 2013, in line with the provisions of the Accession Treaty.
12. The Council recalls Croatia's commitment that bilateral issues should not obstruct the accession process of candidate countries. Croatia is expected to continue to play an active role in regional cooperation in the Western Balkans. Bearing in mind the importance of good neighbourly relations and the implementation of legally binding international agreements, the Council encourages Croatia to continue addressing all outstanding bilateral and regional issues, including succession issues, building on progress achieved so far. Further efforts are needed to tackle impunity for war crimes through impartial handling of outstanding cases and through continued full cooperation with the International Criminal Tribunal for the former Yugoslavia.

Turkey

13. The Council reaffirms the importance it attaches to EU relations with Turkey. Turkey is a candidate country and a key partner for the European Union considering its dynamic economy and strategic location. Active and credible accession negotiations which respect the EU's commitments and established conditionality, along with all the other dimensions of the EU-Turkey relationship addressed in these conclusions, will enable the EU-Turkey relationship to achieve its full potential. It is in the interest of both parties that accession negotiations regain momentum soon, ensuring that the EU remains the benchmark for reforms in Turkey. Turkey will be able to accelerate the pace of negotiations by advancing in the fulfilment of benchmarks, meeting the requirements of the Negotiating Framework and by respecting its contractual obligations towards the EU.
14. The Council notes with satisfaction the steps taken by the Commission and Turkey to implement the positive agenda in line with the Negotiating Framework and the relevant European Council and Council Conclusions. It welcomes the successful work on the implementation of the positive agenda, including the launch of technical working groups to promote, inter alia, alignment with the EU *acquis*, and recalls that this initiative, which covers a broad range of areas of common interest, should support the negotiation process.

15. The Council acknowledges the important regional role of Turkey and its active involvement in its wider neighbourhood and welcomes the intensification of the regular political dialogue between the EU and Turkey. In this regard, the Council remains committed to the further enhancement of the existing political dialogue between the EU and Turkey on foreign policy issues of common interest, such as the developments in North Africa, the Syrian crisis and the Middle East, the Gulf, the Western Balkans, Afghanistan/Pakistan, the Southern Caucasus and the Horn of Africa. The Council recognises Turkey's role on Syria, in particular with regard to support provided to Syrians fleeing violence across the border. In line with the principles set out in the Negotiating Framework the Council continues to encourage Turkey to develop its foreign policy as a complement to and in coordination with the EU, and to progressively align with EU policies and positions.
16. The Council recalls that Turkey's dynamic economy provides a contribution to the prosperity of the whole European continent. With its close trade and investment links with the EU, Turkey remains a valuable part of Europe's competitiveness.
17. The Council takes good note of Turkey's commitment to the political reform agenda. It strongly encourages Turkey's work on a new constitution, and the broad, democratic and participatory process put in place for this purpose, which will remain essential for a positive outcome. The constitutional reform should provide a useful framework for several important reform efforts, notably with regard to the Kurdish issue. The Council also reiterates that, while constitutional reforms are important steps in the right direction, implementation in line with European standards remains key.

18. The Council welcomes a number of positive developments in the area of democracy and the rule of law such as the establishment of an Ombudsman and a National Human Rights Institution, measures taken in the field of women's rights and gender equality, the adoption of the third judicial reform package, and civilian oversight of the security forces. At the same time, the Council notes with growing concern the lack of substantial progress towards fully meeting the political criteria. Building on recent legislative improvements, the Council calls on Turkey to further improve the observance of fundamental rights and freedoms in law and in practice, in particular in the area of freedom of expression, and to enhance its efforts to implement all the judgments of the European Court of Human Rights. The restrictions in practice on the freedom of the media, including the large number of legal cases launched against writers, journalists, academics and human rights defenders, frequent website bans, as well as broad application of the legislation on terrorism and organised crime, continue to raise serious concerns that need to be addressed effectively. Ensuring the independence, impartiality and efficiency of the judiciary remains of particular importance. In this regard, the Council notes with satisfaction the commitment of the Turkish government to present swiftly the fourth judicial reform package, which should address all the core issues currently affecting the exercise of fundamental rights and freedoms. Further and sustained efforts towards fully meeting the Copenhagen criteria are also required, *inter alia*, as regards freedom of religion, property rights, trade union rights, rights of persons belonging to minorities, women's and children's rights, anti-discrimination and gender equality, and the fight against torture and ill-treatment.
19. The Council reiterates its condemnation of all acts of terrorism perpetrated on Turkish territory in the strongest terms and expresses its full solidarity with Turkey. It recalls that PKK is on the EU list of terrorist organisations. The Council continues to offer its resolute support to Turkey, and welcomes the current and active counter-terrorism dialogue between the EU and Turkey. The fight against terrorism, which must be conducted with due regard for human rights, fundamental freedoms and international law, while preserving regional peace and stability, also constitutes an area dealt with under the positive agenda. This cooperation will be further enhanced by the adoption by Turkey of relevant legislation concerning the financing of terrorism as well as the protection of personal data.

20. The EU attaches great importance to the readmission agreement, as well as its full and effective implementation, and looks forward to its signature, in parallel with the initiation of the dialogue on visa liberalisation between the European Commission and Turkish authorities. Pending all of the above, and recalling that Turkey is one of the key transit countries for illegal immigration to the EU, and one of origin, adequate implementation of existing bilateral readmission agreements and readmission provisions contained in similar agreements remains a priority. In the Council conclusions of 21 June 2012, the Council invited the Commission to establish a broader dialogue and cooperation framework between the EU and Turkey to address the full range of Justice and Home Affairs policy fields and in parallel to the signature of the readmission agreement between Turkey and the EU, to take steps towards visa liberalisation as a gradual and long term perspective. The EU has prepared the broader dialogue and a roadmap and progress will be founded on a performance based approach and conditioned on an effective and consistent implementation by Turkey of those requirements vis-à-vis the EU and its Member States. Such requirements should in particular, while upholding international obligations, include an effective and full implementation of the readmission agreement vis-à-vis all Member States, and effective cooperation on JHA issues with all Member States, a better management of mixed migration flows at all its borders, especially those with the EU, and further alignment with the EU *acquis*, especially in respect of the visa policy and those third countries whose nationals constitute a significant source of the mixed migratory flows towards the EU and as regards reciprocity, as well as its asylum legislation.

21. In line with the Negotiating Framework and previous European Council and Council conclusions, the Council reiterates that Turkey needs to commit itself unequivocally to good neighbourly relations and to the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice. In this context, the Union expresses once again serious concern, and urges Turkey to avoid any kind of threat or action directed against a Member State, or source of friction or actions, which could damage good neighbourly relations and the peaceful settlement of disputes. Moreover, the EU stresses again all the sovereign rights of EU Member States which include, inter alia, entering into bilateral agreements, and to explore and exploit their natural resources in accordance with the EU *acquis* and international law, including the UN Convention on the Law of the Sea.
22. Recalling its conclusions of 11 December 2006 and the declaration of 21 September 2005, the Council notes with deep regret that Turkey, despite repeated calls, continues refusing to fulfil its obligation of full, non-discriminatory implementation of the Additional Protocol to the Association Agreement towards all Member States. This could provide a significant boost to the negotiation process. In the absence of progress on this issue, the Council will maintain its measures from 2006, which will have a continuous effect on the overall progress of the negotiations. Furthermore, Turkey has regrettably still not made progress towards the necessary normalisation of its relations with the Republic of Cyprus. The Council invites the Commission to continue to monitor closely and specifically report on all issues covered by the declaration of the European Community and its Member States of 21 September 2005 in its forthcoming annual report. On this basis, the Council will continue to closely follow and review progress made, in accordance with its conclusions of 11 December 2006 and 14 December 2011. The Council reiterates its call for progress without any further delay.

23. As emphasised by the Negotiating Framework, the Council also expects Turkey to actively support the ongoing negotiations aimed at a fair, comprehensive and viable settlement of the Cyprus problem within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles on which the Union is founded. Turkey's commitment and contribution in concrete terms to such a comprehensive settlement is crucial.
24. The Council deeply regrets Turkey's freezing of its relations with the EU Presidency during the second half of 2012, the statements made by Turkey in this regard, as well as the non alignment with EU positions or statements in international fora. Recalling the European Council conclusions of 9 December 2011, the Council underlines that the Presidency of the Council of the EU is provided for in the Treaty on European Union, and calls for full respect of its role.

Iceland

25. The Council welcomes the good progress made in the accession negotiations over the past year and notes that the pace of the negotiations continues to reflect Iceland's advanced state of alignment resulting from the European Economic Area (EEA) and Schengen membership, and the quality of its public administration. The Council notes that the negotiations are now entering a more decisive phase. Furthermore, the areas of mutual interest between the EU and Iceland are growing, including in the fields of renewable energy and climate change, and in view of the strategic importance of the EU's Arctic policy.
26. The Council believes that Iceland's accession is a matter of mutual benefit and is committed to moving the negotiating process forward in line with the requirements of the Negotiating Framework, including the fulfilment of Iceland's obligations under the EEA Agreement, taking full account, *inter alia*, of the European Council conclusions of 17 June 2010. The Council recalls that the accession negotiations will be aimed at Iceland integrally adopting the EU *acquis* and ensuring its full implementation and enforcement by accession, duly reflecting Iceland's own merits and the provisions of the Negotiating Framework.

27. The Council notes with satisfaction Iceland's economic recovery and improvements of its macro-economic conditions. Iceland should be able to cope with competitive pressures and market forces within the Union over the medium term, provided that it continues to address current challenges through appropriate macroeconomic policies and structural reforms.
28. In line with the renewed consensus on enlargement, the Council welcomes the continuation of communication activities promoting an informed public debate about Iceland's accession process and integration with the EU.

Montenegro

29. The Council welcomes the launch of the accession negotiations with Montenegro on 29 June 2012 and the on-going process of screening of individual negotiating chapters in line with the Negotiating Framework, as well as the integration into the negotiations of the new approach for the chapters on judiciary and fundamental rights and justice, freedom and security. The Council welcomes that both chapters are being addressed early in the negotiations. The Council recalls that the advancement of the negotiations will be guided by Montenegro's progress in preparing for accession, including the fulfilment of its obligations under the Stabilisation and Association Agreement, as well as Montenegro's progress in addressing areas of weakness identified in the Commission's Opinion.
30. The Council positively notes the progress Montenegro has made in the past year, including to strengthen the functioning of the parliament, the judiciary, anti-corruption policy, human rights and the protection of rights of persons belonging to minorities. The Council notes that ongoing constitutional and public administration reforms have advanced. Montenegro has also continued to implement its obligations under the Stabilisation and Association Agreement smoothly, and to play a constructive role in the region. The Council notes with satisfaction Montenegro's involvement in developing regional cooperation.

31. Montenegro is now required to build on the progress made. Particular attention should be paid to further develop a solid track record in the area of rule of law with the aim of sustainable and lasting reform implementation, in particular with regard to organised crime and corruption cases, including at high level. The Council welcomes Europol's report on the situation with regard to organised crime in Montenegro. Further efforts are also needed to ensure the accountability and independence of the judiciary and to strengthen the administrative capacity to implement the *acquis*.
32. The Council looks forward to the meeting of the Accession Conference on 18 December and hopes that further progress can be registered on this occasion.

WESTERN BALKANS

33. The Council reaffirms its unequivocal commitment to the European perspective of the Western Balkans, which remains essential for the stability, reconciliation and future of the region. It also reaffirms the need for fair and rigorous conditionality, in the framework of the Copenhagen political criteria and Stabilisation and Association process and in accordance with the renewed consensus on enlargement approved by the European Council on 14 and 15 December 2006. The Council recalls that the Stabilisation and Association process remains the common framework for relations with the Western Balkans up to their accession.
34. The Council reaffirms that by making solid progress in economic and political reform and by fulfilling the necessary conditions and requirements, the remaining potential candidates in the Western Balkans should achieve candidate status, according to their own merits, with European Union membership as ultimate goal. Further, a country's satisfactory track record in implementing its obligations under the Stabilisation and Association Agreements, including trade-related provisions, is an essential element for the EU to consider any membership application.

35. Regional cooperation and good neighbourly relations are essential elements of the Stabilisation and Association Process. The Council welcomes that further progress was made by the Western Balkans regarding regional cooperation and reconciliation, while stressing that the inclusiveness of this process must be ensured by all parties concerned. Parties concerned in the Western Balkans must ensure that any disputes between them do not have a detrimental effect on their shared goal of progress towards EU membership. Outstanding disputes and issues should be solved in line with international law and established principles, including through implementation of legally binding agreements, inter alia Agreement on Succession Issues. Issues stemming from past conflicts in the Western Balkans remain key challenges and need to be urgently addressed. As regards war crimes, the Council underlines the need to address impunity and ensure accountability, as well as fully cooperate and support the work of ICTY and the EULEX Special Investigative Task Force. The Council condemns any attempt to minimise or deny war crimes and the genocide that took place in Srebrenica. Further key challenges include refugee return, the protection of all minorities and ensuring equal rights for all citizens. The Council calls on the governments of the region to take the necessary actions to address outstanding concerns. The Council recalls the role of the Regional Cooperation Council, welcoming its focus on the growth targets in the context of the SEE 2020 strategy, which aims to adapt the Europe 2020 process to the regional needs and realities.
36. While recognising in particular the importance of visa liberalisation for citizens, the Council encourages the Commission to continue to closely monitor the implementation of all conditions set for visa liberalisation, through its follow-up mechanism. The Council underlines the importance of further work towards the socio-economic integration of minorities in the region. The Council urges the authorities of the Western Balkans countries concerned to take all the necessary measures against the abuse of the visa free travel regime in order to ensure its unrestricted continuation.

37. The Council underlines that the rule of law is now firmly anchored at the heart of the accession process and stresses the need for sustained implementation of reforms. The Council underlines that the fight against organised crime and corruption remains a priority in this context.

Former Yugoslav Republic of Macedonia

38. The Council welcomes the progress achieved in a number of key policy areas, including with respect to the legislative framework for elections, in the area of freedom of expression, and public administration. The Council takes note of the review of the implementation of the Ohrid Framework Agreement and encourages the government of the former Yugoslav Republic of Macedonia to move swiftly to the next stage of the review.
39. The Council notes in particular the contribution of the High Level Accession Dialogue (HLAD) which acted as a catalyst for reforms. Noting that continuous efforts are needed, the Council urges the reform momentum to be sustained, with continued focus on the rule of law, including as regards freedom of expression, the fight against corruption and on inter-ethnic relations and reconciliation. The Council recalls that the implementation of the Ohrid Framework Agreement remains an essential element of democracy and rule of law.
40. The Council largely shares the Commission's assessment that the political criteria continue to be sufficiently met and takes note of its recommendation that accession negotiations be opened with the former Yugoslav Republic of Macedonia.

41. As set out in the European Council conclusions of June 2008, maintaining good neighbourly relations, including a negotiated and mutually accepted solution to the name issue, under the auspices of the UN, remains essential. There is a need to bring the longstanding discussions on the name issue to a definitive conclusion without delay. The Council welcomes the momentum that has been generated by recent contacts/exchanges between the two parties, following the Greek proposal for a memorandum of understanding. The Council is, moreover, encouraged by recent contacts with the UN mediator. In light of the overall importance of maintaining good neighbourly relations, the Council also notes the recent high level contacts between the former Yugoslav Republic of Macedonia and Bulgaria and looks forward to their translation into concrete actions and results.
42. With a view to a possible decision of the European Council to open accession negotiations with the former Yugoslav Republic of Macedonia, the Council will examine, on the basis of a report to be presented by the Commission in Spring 2013, implementation of reforms in the context of the HLAD, as well as steps taken to promote good neighbourly relations and to reach a negotiated and mutually accepted solution to the name issue under the auspices of the UN. In this perspective, the Council will assess the report during the next Presidency. Provided that the assessment is positive, the Commission will be invited by the European Council to: (1) submit without delay a proposal for a framework for negotiations with the former Yugoslav Republic of Macedonia, in line with the European Council's December 2006 conclusions and established practice; (2) carry out the process of analytical examination of the EU *acquis* beginning with the chapters on the judiciary and fundamental rights, and justice, freedom and security. The Council takes note of the intention of the Commission to conduct all the necessary preparatory work in this respect.

43. The Council shares the Commission's assessment that Serbia continues on its way to sufficiently fulfilling the political criteria and conditions of the Stabilisation and Association Process. The Council welcomes the recent momentum on judicial reform and the adoption of amendments to the law on the Central Bank. It notes that Serbia is developing a new strategy on judicial reform and is adopting a new anti-corruption strategy and action plan. Recalling all previous Council conclusions, it encourages Serbia to reinvigorate, further develop and implement the reform agenda, particularly in the areas of the rule of law, the independence of key institutions, and further improving the business environment; special attention should be given to the rights and inclusion of vulnerable groups, particularly the Roma, as well as to the effective implementation of legislation on the protection of minorities, the non-discriminatory treatment of national minorities throughout Serbia, and tackling discrimination on the basis of sexual orientation or gender identity. Serbia should also continue to constructively engage in regional cooperation and strengthen relations with neighbouring countries.
44. In line with the Council Conclusions of 5 December 2011 as endorsed by the European Council of 9 December 2011 on the conditions for opening accession negotiations with Serbia, the Council recalls that the Commission is invited to present a report as soon as it will have assessed that Serbia has achieved the necessary degree of compliance with the membership criteria, notably the key priority of taking steps towards a visible and sustainable improvement of relations with Kosovo, in line with the Stabilisation and Association process, notably by fully respecting the principles of inclusive regional cooperation, fully respecting the provisions of the Energy Community Treaty; finding solutions for telecommunications; by continuing to implement in good faith all agreements reached; and by cooperating actively with EULEX, including with the Special Investigative Task Force. The Council attaches great importance to EULEX being unhindered in the execution of its renewed mandate.

45. A visible and sustainable improvement in relations between Serbia and Kosovo, is needed so that both can continue on their respective European paths, while avoiding that either can block the other in these efforts. In this context, this process should gradually result in the normalisation of relations between Serbia and Kosovo with the prospect of both being able to fully exercise their rights and fulfil their responsibilities.

In line with Serbia's international commitments, the Council urges further progress on this point, including irreversible progress towards delivering structures in northern Kosovo which meet the security and justice needs of the local population in a transparent and cooperative manner, and in a way that ensures the functionality of a single institutional and administrative set up within Kosovo. In this context and in line with the Council's conclusions of 5 December 2011, Serbia should cooperate actively with EULEX, in particular to ensure that EULEX is able to implement fully its mandate in the north, including through cooperation with the Kosovo Police and by providing active support for the full functioning of the Mitrovica Court House.

The Council calls on Serbia to continue implementing in good faith all agreements reached to date in the Dialogue and to engage constructively on the full range of issues. The steps leading to the normalisation of relations between Belgrade and Pristina will also be addressed in the context of the framework for the conduct of future accession negotiations with Serbia, in the interest of having a comprehensive approach to Serbia's EU integration.

46. The Council commends PM Dacic and PM Thaci for their engagement in the EU facilitated dialogue between Belgrade and Pristina. It welcomes the first results and fully supports the High Representative's personal engagement in this process. The Council is encouraged by progress in the implementation of IBM, namely the completion of preparations for the establishment of the co-located interim crossing points in two of the designated locations and looks forward to two more interim crossing points being operational by the end of the year. The Council additionally welcomes the decision to appoint liaison persons to be located in offices provided by the EU Delegation in Belgrade and the EU Office in Pristina who will follow all issues related to the normalisation of relations and will address all everyday problems that may occur. The Council notes the importance of the agreement of the two Prime Ministers to work together in order to ensure a transparent flow of money in support of the Kosovo Serb community and looks forward to an early agreement on the modalities for this. The Council expresses its satisfaction for the decision of the Kosovo authorities to improve the protection of Religious and Cultural Heritage by the creation of a special unit within the Kosovo Police that will be exclusively dedicated to this task.

The Council expects the two sides to continue and accelerate their work in addressing all aspects of the relations between them.

With a view to a possible decision of the European Council to open accession negotiations with Serbia, the Council will examine on the basis of a report to be presented by the Commission and the HR/VP in Spring 2013 the progress on all the above issues. The Council will assess the report during the next Presidency. Provided the assessment is positive the Commission will be invited by the European Council to: (1) submit without delay a proposal for a framework for negotiations with Serbia in line with the European Council's December 2006 conclusions and established practice; (2) carry out the process of analytical examination of the EU *acquis* beginning with the chapters on the judiciary and fundamental rights, and justice, freedom and security. The Council takes note of the intention of the Commission to conduct all the necessary preparatory work in this respect.

Albania

47. The Council welcomes the progress made by Albania to meet the 12 key priorities laid out in the Commission's 2010 Opinion. The Council notes that improved dialogue between the government and the opposition, after the November 2011 agreement, has allowed Albania to make good progress towards fulfilling the political criteria for membership of the EU. Albania has delivered on a set of reforms against the twelve key priorities, particularly addressing the proper functioning of the parliament, electoral reform and appointments of key officials. The Council notes the Commission assessment that Albania has met four of the key priorities and is well on its way towards meeting two others. The Council welcomes Albania's continued constructive role in the region and calls on Albania to avoid statements running counter to good neighbourly relations. The Council underlines the need to further intensify efforts as identified by the Commission in its report, particularly in the area of the reform of the judiciary in order to strengthen its independence, efficiency and accountability, fight against corruption and organised crime, protection of all minorities, as well as the implementation of reforms. The successful conduct of Parliamentary elections in 2013 will be a crucial test for the smooth functioning of the country's democratic institutions. Sustainable political dialogue and continued efforts in all the areas covered by the key priorities will remain essential to implement reforms necessary for Albania's EU future.
48. The Council notes the recommendation of the Commission to grant Albania candidate status subject to completion of key measures in the areas of judicial and public administration reform and revision of the parliamentary rules of procedure. With a view to deciding whether to grant candidate status, the Council invites the Commission to report to the Council as soon as necessary progress has been achieved, also taking into account the further action taken by Albania to fight corruption and organised crime, including by pro-active investigations and prosecutions of such cases.

49. In line with its 5 December 2011 conclusions, the Council notes that the opening of accession negotiations will be considered by the European Council, in line with established practice, once the Commission has assessed that Albania has achieved the necessary degree of compliance with the membership criteria and has met in particular the 12 key priorities set out in the 2010 Commission's Opinion. Sustained implementation of reforms and fulfilment of all the key priorities will be required for Albania to open accession negotiations with the EU. As outlined in the Commission's recommendation, the Council calls for a particular focus on: conducting elections in line with European and international standards; strengthening the independence, efficiency and accountability of judicial institutions; determined efforts in the fight against corruption and organised crime, including pro-active investigations and prosecution in view of developing a solid track-record; effective measures to reinforce the protection of human rights and anti-discrimination policies, including in the area of minorities, and their equal treatment; and implementation of property rights.

Bosnia and Herzegovina

50. The Council reiterates its unequivocal support for Bosnia and Herzegovina's EU perspective as a sovereign and united country enjoying full territorial integrity. To that end, the Council reaffirmed the March 2011 and subsequent Council Conclusions and the strategy they set out.
51. The Council notes that some progress was made at the start of 2012 with the formation of a State-level Council of Ministers. It welcomes the adoption of two key EU-related laws – Law on State Aid and Law on Population Census. However, it regrets that this momentum was not maintained and expresses disappointment that progress on the EU agenda has stalled and that the use of divisive rhetoric has continued.

52. The Council welcomes the launch of the European Commission's High-Level Dialogue on the Accession Process with Bosnia and Herzegovina's political representatives on 27 June 2012. It regrets that the timelines of the June Roadmap were not met. The Council continues to express concern over the lack of implementation of political agreements.
53. The Council reiterates that BiH, as a matter of priority, needs to bring its Constitution into compliance with the European Convention of Human Rights (Sejdic/Finci ruling). A credible effort in this regard remains necessary for the entry into force of Stabilisation and Association Agreement.
54. Completing the implementation of the Sejdic/Finci ruling and having a satisfactory track record in implementing its obligations under the SAA/Interim Agreement would be key elements for a credible membership application to be considered by the EU. The Council also underlines that establishing an effective coordination mechanism for engagement with the EU, including for an effective use of the EU's pre-accession assistance, as well as ensuring fiscal sustainability remain key priorities. Implementation of the State Aid and Population Census Laws need to be ensured.
55. The Council reaffirms its support to the Structured Dialogue on Justice within the framework of the Stabilisation and Association Process and calls on all relevant authorities of Bosnia and Herzegovina to engage constructively in this process, with a view to guarantee the consolidation of an independent, accountable, credible, impartial and efficient judicial system, for the benefit of all citizens across the country.

56. The Council calls on the competent authorities of Bosnia and Herzegovina to implement without delay those actions which are necessary in view of Croatia's accession to the EU. In particular, it urges the authorities to speed up the legislative alignment of the food safety and veterinary sectors, and upgrade the competent administrative structures in line with the European Commission's recommendations, so that BiH is able to continue to export agricultural products to Croatia once Croatia becomes a member of the EU.
57. The Council urges Bosnia and Herzegovina's political leaders to intensify efforts to fulfil the commitments they have made and achieve results for the citizens of the country. In this context, the formation of stable governments at all levels, which will focus on the EU agenda, is a priority. The EU will continue to strengthen its support for BiH's EU integration process. In this context, the Council reaffirms its full support to the reinforced EU presence on the ground, including the setting up of field presences and strengthening in the rule of law area.
58. In the context of the EU overall strategy for Bosnia and Herzegovina, the Council looks forward to continuing discussion with the international community on the reconfiguration of the international presence, including its downsizing and possible relocation of the OHR, in the appropriate forum. In this regard, it notes the ongoing discussion on overlapping tasks between the OHR and the EU. It calls on Bosnia and Herzegovina to meet the outstanding objectives and conditions which remain necessary for the closure of the OHR.

Kosovo

59. The Council takes note of the Feasibility Study for a Stabilisation and Association Agreement (SAA) between the EU and Kosovo, without prejudice to Member States' positions on status. The Council notes that the Commission will propose negotiating directives for a SAA once Kosovo meets the short term priorities concerning the rule of law, public administration, protection of minorities and trade, which are identified in the Feasibility Study. The Council calls on Kosovo to make further progress in these and a number of other key areas, including cooperation with EULEX and the work of the EULEX Special Investigative Task Force, to meet its obligations. In this regard, the Structured Dialogue on the Rule of Law, the visa liberalisation dialogue and the Stabilisation and Association Dialogue play an important role in guiding Kosovo's reform efforts on these priority areas.

The Council, in particular, calls on Kosovo to accelerate the pace of reforms. Major efforts are needed in particular to strengthen public administration reform and consolidate rule of law, in particular by providing evidence of the fight against organised crime and corruption, judicial reform and freedom of expression.

60. The Council underlines the importance for Kosovo to strengthen its close cooperation with EULEX and respect the renewed mandate of the mission.
61. In line with the relevant Council conclusions, the Council recalls the European Union willingness to assist the economic and political development of Kosovo through a clear European perspective, in line with the European perspective of the region. It underlines the need to take concrete steps to that effect. The Council welcomes the Commission's ongoing efforts to negotiate a framework agreement with Kosovo concerning its participation in Union programmes and its intention to come back to the Council in the first half of next year, without prejudice to Member States' positions on status. The Council notes Kosovo's membership of the European Bank for Reconstruction and Development and the possibility for the European Investment Bank to enhance its role in Kosovo.

62. It is essential that Kosovo continues implementing in good faith all agreements reached between Belgrade and Pristina to date and that it engages constructively on the full range of issues with the facilitation of the EU. A visible and sustainable improvement in relations between Kosovo and Serbia is needed so that both can continue on their respective European paths, while avoiding that either can block the other in these efforts. In this context, this process should gradually result in the normalisation of relations between Kosovo and Serbia with the prospect of both being able to fully exercise their rights and fulfil their responsibilities.

The Council urges further progress on this point, including irreversible progress towards delivering structures in northern Kosovo which meet the security and justice of the local population in a transparent and cooperative manner, and in a way that ensures the functionality of a single institutional and administrative set up within Kosovo, respecting the particular needs of the local population. In this context, the Council calls on Kosovo to further develop an outreach plan for northern Kosovo.

The Council calls on Kosovo to continue implementing in good faith all agreements reached to date in the Dialogue and to engage constructively on the full range of issues. The steps leading to the normalisation of relations between Pristina and Belgrade will also be addressed in the context of the next steps on Kosovo's European path, in the interest of having a comprehensive approach.

63. The Council commends PM Thaci and PM Dacic for their engagement in the EU facilitated dialogue between Pristina and Belgrade. It welcomes the first results and fully supports the High Representative's engagement in this process. The Council is encouraged by progress in the implementation of IBM, namely the completion of preparations for the establishment of the co-located interim crossing points in two of the designated locations and looks forward to two more interim crossing points being operational by the end of the year. The Council additionally welcomes the decision to appoint liaison persons to be located in offices provided by the EU Delegation in Belgrade and the EU Office in Pristina who will follow all issues related to the normalisation of relations and will address all everyday problems that may occur. The Council notes the importance of the agreement of the two Prime Ministers to work together in order to ensure a transparent flow of money in support of the Kosovo Serb community and looks forward to an early agreement on the modalities for this. The Council expresses its satisfaction for the decision of the Kosovo authorities to improve the protection of Religious and Cultural Heritage by the creation of a special unit within the Kosovo Police that will be exclusively dedicated to this task.

The Council expects the two sides to continue and accelerate their work in addressing all aspects of the relations between them.

With a view to a possible decision to open negotiations for a SAA with Kosovo, the Council will examine on the basis of a report to be presented by the Commission and the HR/VP in Spring 2013 progress on all the above issues. The Council will assess the report during the next Presidency. Provided the assessment is positive the Council will adopt the negotiating directives.

**Statement to be inserted in the minutes of the General Affairs Council
of 11 December 2012 and to be rendered public**

The Council underlines that the phrase "in all its dimensions" in paragraph 3 of its conclusions on Enlargement and the Stabilisation and Association Process, can only be understood as a reference to the three issues referred to in paragraph 9 of the December 2006 European Council conclusions namely the functioning of EU institutions, the further development of EU policy and their sustainable financing.