



**COUNCIL OF
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COVER NOTE

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Subject : **THESSALONIKI EUROPEAN COUNCIL
19 AND 20 JUNE 2003**

PRESIDENCY CONCLUSIONS

Delegations will find attached the revised version of the Presidency conclusions of the Thessaloniki European Council (19 and 20 June 2003).

1. The European Council met in Thessaloniki on 19 and 20 June 2003. The meeting was preceded by an exposé by the President of the European Parliament, Mr Pat Cox, followed by an exchange of views concerning the main items on the agenda.

I. CONVENTION / IGC

2. The European Council welcomes the Draft Constitutional Treaty presented by the President of the Convention, Valéry Giscard d'Estaing. This presentation marks a historic step in the direction of furthering the objectives of European integration:
 - bringing our Union closer to its citizens,
 - strengthening our Union's democratic character,
 - facilitating our Union's capacity to make decisions, especially after its enlargement,
 - enhancing our Union's ability to act as a coherent and unified force in the international system, and
 - effectively dealing with the challenges globalisation and interdependence create.
3. The European Council expresses its gratitude to the Chairman of the Convention, Valéry Giscard d'Estaing, the Vice-Chairmen, Jean-Luc Dehaene and Giuliano Amato, the members and the alternate members of the Convention for the work they have accomplished. The Convention has proven its usefulness as a forum for democratic dialogue between representatives of governments, national parliaments, the European Parliament, the European Commission and civil society.
4. The European Council considers that the presentation of the Draft Constitutional Treaty, as it has received it, marks the completion of the Convention's tasks as set out at Laeken and, accordingly, the end of its work. However, some purely technical work on drafting Part III is still required, this work needing to be finished by 15 July at the latest.

5. The European Council decided that the text of the Draft Constitutional Treaty is a good basis for starting in the Intergovernmental Conference. It requests the future Italian Presidency to initiate, at the Council meeting in July, the procedure laid down in Article 48 of the Treaty in order to allow this Conference to be convened in October 2003. The Conference should complete its work and agree the Constitutional Treaty as soon as possible and in time for it to become known to European citizens before the June 2004 elections for the European Parliament. The acceding States will participate fully in the Intergovernmental Conference on an equal footing with the current Member States. The Constitutional Treaty will be signed by the Member States of the enlarged Union as soon as possible after 1 May 2004.

6. The Intergovernmental Conference will be conducted by the Heads of State or Government, assisted by the members of the General Affairs and External Relations Council. The representative of the Commission will participate in the Conference. The General Secretariat of the Council will provide the secretariat support for the Conference. The European Parliament will be closely associated and involved in the work of the Conference.

7. The three candidate countries – Bulgaria and Romania, with whom accession negotiations are underway, and Turkey – will take part in all meetings of the Conference as observers.

II. IMMIGRATION, FRONTIERS AND ASYLUM

8. The European Council of Seville emphasised the need to speed up the implementation of all aspects of the programme approved at Tampere, especially on matters relating to the development of a common European policy on asylum and migration.

9. Given the top political priority ascribed to migration, there is a marked need for a more structured EU policy, which will cover the whole spectrum of relations with third countries including the prompt conclusion of readmission agreements with key third countries of origin as well as the promotion of further cooperation with them to be viewed as a two-way process in order to combat illegal migration and to explore legal migration channels under specific terms of reference. In this context, the issue of smooth integration of legal migrants into EU societies should also be further examined and enhanced. Furthermore, the existing financial means at our disposal for the coming years 2004-2006 should be carefully reviewed, and taking into account the overall framework and the need for budgetary discipline, the post-2006 financial perspectives should reflect this political priority of the Community.
10. The European Council has reached the following conclusions with reference to:

The development of a common policy on illegal immigration, external borders, the return of illegal migrants and cooperation with third countries

Visas

11. Referring to the Council conclusions of 5 June 2003 on the development of the Visa Information System (VIS), the European Council deems it necessary that, following the feasibility study by the Commission on the VIS, orientations should be determined as soon as possible, in order to satisfy the preferred options, with regard to the planning for the development of the system, the appropriate legal basis which will permit its establishment and the engagement of the necessary financial means, while respecting the financial perspectives. In this framework a coherent approach is needed in the EU on biometric identifiers or biometric data, which would result in harmonised solutions for documents for third country nationals, EU citizens' passports and information systems (VIS and SIS II). The European Council invites the Commission to prepare the appropriate proposals, starting with visas, while fully respecting the envisaged timetable for the introduction of the Schengen Information System II.

Management of external borders

12. Taking into consideration the common interest of all EU Member States in establishing more effective management of the external borders of EU Member States and noting the results achieved from the implementation of the various operational programmes, pilot projects, risk analyses, training of border personnel etc., as well as the conclusions to be drawn from the study undertaken by the Commission, at the request of the Council, relating to the complex and sensitive question of sea border controls, the European Council stresses the importance of assuring the continuity and coherence of Community action in this field by setting out priorities and determining a more structured framework and methods.
13. The European Council recognises the progress made in fully activating the operational branch of SCIFA as required by the Seville conclusions, and more particularly, the tasking of the Common Unit of External Border Practitioners with the operational implementation and coordination of the measures contained in the Plan for the management of the external borders, which includes coordination and monitoring of "Centres" and operational activities, as well as preparation of strategic decisions, for the more effective and integrated management of the external borders of EU Member States. As mentioned in the conclusions adopted by the Council on 5 June 2003 to that effect, the General Secretariat of the Council will ensure the preparation and follow-up of the meetings of the Common Unit and could be assisted in this task, in the initial phase, by experts seconded by the Member States.
14. The European Council invites the Commission to examine in due course, drawing on experience of the Common Unit activities, the necessity of creating new institutional mechanisms, including the possible creation of a Community operational structure, in order to enhance operational cooperation for the management of external borders.
15. The European Council emphasises the need for acceleration of work on adopting the appropriate legal instrument formally establishing the Immigration Liaison Officers (ILOs) network in third countries, at the earliest possible date and before the end of 2003.

16. The European Council invites the Commission to present, as soon as possible, proposals on the recast of the Common Manual, including the stamping of travel documents of third-country nationals.

Return of illegal migrants

17. The implementation of a common policy on return of illegally residing persons is the responsibility of Member States. However, greater efficiency can be achieved by reinforcing existing cooperation and setting up mechanisms to this end, including a financial component.
18. In this context, the European Council invites the Commission to examine all aspects relating to the establishment of a separate Community instrument in order to support, in particular, the priorities as set out in the Return Action Programme approved by the Council, and to report back to it by the end of 2003.

Partnership with third countries

19. In the context of integrating migration issues in our Union's relations with third countries, the European Council reaffirms that the EU dialogue and actions with third countries in the field of migration should be part of an overall integrated, comprehensive and balanced approach, which should be differentiated, taking account of the existing situation in the different regions and in each individual partner country. In this respect, the European Council recognises the importance of developing an evaluation mechanism to monitor relations with third countries which do not cooperate with the EU in combating illegal immigration, and considers the following topics to be of primary importance:
- participation in the international instruments relevant to this matter (e.g.: Conventions on Human Rights, the Geneva Convention of 28 July 1951 relating to the status of refugees as amended by the New York Protocol of 31 January 1967, etc.),

- cooperation of third countries in readmission/return of their nationals and of third-country nationals,
- efforts in border control and interception of illegal immigrants,
- combating of trafficking in human beings, including taking legislative and other measures,
- cooperation on visa policy and possible adaptation of their visa systems,
- creation of asylum systems, with specific reference to access to effective protection, and
- efforts in redocumentation of their nationals.

20. In developing the above evaluation, the Council will make use of the information to be provided by the ILOs network for any of the above topics that fall under their competencies, and through intensified and more efficient consular cooperation between Member States in third countries.
21. The European Council invites the Commission to report annually on the results of the above monitoring of cooperation of third countries, and to make proposals or recommendations as it deems appropriate.

Community financial resources and burden-sharing mechanism

22. Following the development of mutual confidence between Member States for the promotion of the area of liberty, security and justice, which is a priority objective of the Union, the European Council emphasises that the principle of solidarity must be consolidated and must be made more concrete, notably in terms of reinforced operational cooperation. The European Council estimates that, taking into account the overall framework and the need for budgetary discipline, the post-2006 financial perspectives should reflect this political priority of the Community.

23. In the meantime, the European Council invites the Commission to examine, while respecting the principles determining the use of the budget, the possibility of appropriating funds under heading 3 of the financial perspective taking into account the need to safeguard appropriate margins under the ceiling of this heading, in order to address, during the period 2004-2006, the most pressing structural needs in this area and to cover a wider definition of solidarity that would, noting the Commission Communication, include inter alia Community support in the management of external borders, the implementation of the Return Action Programme and the development of the Visa Information System (VIS). In this respect, the European Council notes the Commission's relevant analysis and that its estimated needs amount to EUR 140 million.

Asylum

24. The European Council has reiterated its determination to establish a Common European Asylum System, as called for at its October 1999 meeting in Tampere and clarified in June 2002 in Seville. In this context, it is vital that the Council ensures the adoption, before the end of 2003, of the outstanding basic legislation, that is the proposal for a Council Directive on minimum standards for the qualification and status of third country nationals and stateless persons as refugees or as persons who otherwise need international protection and the proposal for a Council Directive on minimum standards on procedures in Member States for granting and withdrawing refugee status.
25. The European Council reaffirms the importance of establishing a more efficient asylum system within the EU to identify quickly all persons in need of protection, in the context of broader migration movements, and developing appropriate EU programmes.

26. The European Council takes note of the Communication from the Commission, which focusses on more accessible, equitable and managed asylum systems, and invites the Commission to explore all parameters in order to ensure more orderly and managed entry in the EU of persons in need of international protection, and to examine ways and means to enhance the protection capacity of regions of origin with a view to presenting to the Council, before June 2004 a comprehensive report suggesting measures to be taken, including legal implications. As part of this process the European Council notes that a number of Member States plan to explore ways of providing better protection for the refugees in their region of origin, in conjunction with the UNHCR. This work will be carried out in full partnership with the countries concerned on the basis of recommendations from the UNHCR.
27. The European Council invites the Council and the Commission to examine, before the end of 2003, the possibilities of further reinforcing asylum procedures in order to make them more efficient with a view to accelerating, as much as possible, the processing of non-international protection-related applications.

The development of a policy at European Union level on the integration of third country nationals legally residing in the territory of the European Union

28. The European Council deems it necessary to elaborate a comprehensive and multidimensional policy on the integration of legally residing third country nationals who, according to and in order to implement the conclusions of the European Council of Tampere, should be granted rights and obligations comparable to those of EU citizens.
- Considering that successful integration contributes to social cohesion and economic welfare, such a policy should cover factors such as employment, economic participation, education and language training, health and social services, housing and urban issues, as well as culture and participation in social life. In this respect the European Council welcomes the fact that agreement has been reached on the Directives on family reunification and long-term resident status, which are essential instruments for the integration of third country nationals.

29. An EU Integration Policy should contribute as effectively as possible to the new demographic and economic challenges which the EU is now facing, taking into account the particularities of the various target-groups of third-country nationals, such as women, children and aged persons, refugees and persons enjoying international protection, regarding especially the length, permanence and stability of their residence.
30. In order to respond to these challenges, the European Council stresses the need to explore legal means for third-country nationals to migrate to the Union, taking into account the reception capacity of the Member States, within the framework of an enhanced cooperation with the countries of origin which will prove beneficial for both sides.
31. Integration policies should be understood as a continuous, two-way process based on mutual rights and corresponding obligations of legally residing third-country nationals and the host societies. While primary responsibility for their elaboration and implementation remains with the Member States, such policies should be developed within a coherent European Union framework, taking into account the legal, political, economic, social and cultural diversity of Member States. In order to intensify the development of such a framework, the definition of common basic principles should be envisaged.
32. Taking into account that integration of legally residing third country nationals is a complex process which requires the exchange of experiences, the European Council stresses the importance of developing cooperation and exchange of information within the framework of the newly established group of national contact points on integration with a view in particular to strengthening coordination of relevant policies at national and European Union level.
33. In that respect the European Council invites the Commission to present an Annual Report on Migration and Integration in Europe, in order to map EU-wide migration data, immigration and integration policies and practices. This Report, which should contain an accurate and objective analysis of the above issues, will help develop and promote policy initiatives for more effective management of migration in Europe.

34. Moreover, taking into account the importance of monitoring and analysing the multidimensional migration phenomenon, the European Council welcomes the establishment of a European Migration Network and will examine the possibility of setting up a permanent structure in the future.
35. The success of such an integration policy relies upon the efficient involvement of all the possible actors. European Union competent bodies, national and local authorities, trade unions, employers unions, non-governmental organisations, organisations of migrants, and organisations which pursue cultural, social and sport purposes should be encouraged to participate in the common effort at both Union and national level. In this context, we welcome the first summit of European Diasporas which is taking place in Thessaloniki at the same time as our European Council.

III. ENLARGEMENT

36. Following the signature in Athens on 16 April 2003 of the Accession Treaty, where we proclaimed that "accession is a new contract between our peoples and not merely a treaty between our states", the results of referendums in Malta, Slovenia, Hungary, Lithuania, Slovakia, Poland and the Czech Republic lend additional momentum to the ratification process. This process must be completed in time for the ten new Member States to join the Union on 1 May 2004. In the coming months, the ten acceding States are encouraged to keep up their efforts so that they are fully prepared to assume the obligations of membership by accession. This also includes the necessary translation of the Community acquis. With a view to making a success of enlargement, the monitoring of these preparations has been intensified on the basis of reports submitted regularly by the Commission.

37. Bulgaria and Romania are part of the same inclusive and irreversible enlargement process. Following the conclusions of the European Council in Copenhagen and depending on further progress in complying with the membership criteria, the objective is to welcome Bulgaria and Romania as members in 2007. To this end, the pace of negotiations will be maintained, and these will continue on the same basis and principles that applied to the ten acceding states with each candidate judged on its own merits. Building on significant progress achieved, the Union supports Bulgaria and Romania in their efforts to achieve the objective of concluding negotiations in 2004, and invites them to step up their preparations on the ground. Discussions or agreement on future policy reforms, or the new financial perspective, will neither impede the pursuit and conclusion of accession negotiations nor be prejudged by the outcome of these negotiations. The European Council in December 2003, based on the regular reports from the Commission and the strategy paper, will assess progress achieved with a view to setting out the framework for the conclusion of accession negotiations.
38. The European Council welcomes the commitment of the Turkish government to carry forward the reform process, in particular the remaining legislative work by the end of 2003, and supports its on-going efforts to fulfil the Copenhagen political criteria for opening accession negotiations with the Union. Taking into account progress achieved, significant further efforts to this end are still required. With a view to helping Turkey achieve this objective, the Council adopted recently a revised Accession Partnership, which sets out the priorities that Turkey should pursue, supported by substantially increased pre-accession financial assistance. In accordance with the Helsinki conclusions, fulfilment of these priorities will assist Turkey towards EU membership. The Accession Partnership constitutes the cornerstone of EU-Turkey relations, in particular in view of the decision to be taken by the European Council in December 2004.

IV. CYPRUS

39. Cyprus' accession to our Union is already creating favourable conditions for the two communities to reach a comprehensive settlement of the Cyprus problem. To this end, our Union strongly supports the continuation of the UN Secretary General's mission of good offices in accordance with the relevant UN Security Council Resolutions including 1475/2003. The recent easing of restrictions in contacts and communication between Greek and Turkish Cypriots has been positive and has demonstrated that the two communities can live together in a reunited island within the Union. At the same time, however, our Union does not consider this as a substitute for a comprehensive settlement. The European Council, therefore, urges all parties concerned, and in particular Turkey and the Turkish Cypriot leadership, to strongly support the UN Secretary General's efforts, and, in this context, calls for an early resumption of the talks on the basis of his proposals. To this end, the European Union is to further contribute towards a just, viable and functional settlement of the Cyprus problem consistent with the relevant UN Security Council resolutions. Our Union recalls its willingness to accommodate the terms of a settlement in line with the principles on which the EU is founded. In this context, the European Council welcomes the Commission's willingness to offer assistance for a speedy solution within the framework of the *acquis*. It also welcomes the Commission's Communication on promoting economic development in the northern part of Cyprus and looks forward to the implementation of these measures in accordance with the Copenhagen European Council Conclusions and in consultation with the Government of Cyprus.

V. WESTERN BALKANS

40. The European Council, recalling its conclusions in Copenhagen (December 2002) and Brussels (March 2003), reiterated its determination to fully and effectively support the European perspective of the Western Balkan countries, which will become an integral part of the EU, once they meet the established criteria.

41. It endorsed the Council conclusions of 16 June on the Western Balkans, including the annex "*The Thessaloniki Agenda for the Western Balkans: moving towards European integration*", which aims at further strengthening the privileged relations between the EU and the Western Balkans, also drawing on the enlargement experience. The Union's thus enriched Stabilisation and Association Process will remain the framework for the European course of the Western Balkan countries all the way to their future accession.
42. The European Council looked forward to the EU-Western Balkans Summit meeting of 21 June as a major opportunity for the two parties to push ahead with their common goals. The *Declaration* that will be adopted there, together with the *Thessaloniki Agenda*, should provide a sound basis for directing the reform efforts of the Western Balkan countries in coming closer to the Union, and the enhanced EU support for their endeavours.
43. The European Council also endorsed the Council Conclusions on the 2003 Annual Review of the Stabilisation and Association Process.

VI. WIDER EUROPE / NEW NEIGHBOURHOOD

44. Enlargement is expanding the borders of our European Union and is bringing us closer to new neighbours. In Athens we declared "We are also committed to developing ever deeper ties and bridges of cooperation with our neighbours and to share the future of this community of values with others beyond our shores.". Their stability and prosperity is inextricably linked to ours. To reinforce our shared values and promote our common interests, we have been developing new policies toward Wider Europe, our New Neighbourhood. The European Council confirmed at Copenhagen the importance it attaches to these policies. The meetings with the partners concerned that have since taken place in the framework of the European Conference in Athens on 17 April and the mid-term Euro-Mediterranean Ministerial Meeting in Crete on 26-27 May lend new dynamism to the development of these policies. In this spirit, the European Council endorses the GAERC conclusions of 16 June and looks forward to the work to be undertaken by both the Council and the Commission in putting together the various elements of these policies.

VII. FOLLOW-UP OF THE 2003 SPRING EUROPEAN COUNCIL

Broad Economic Policy Guidelines and Employment Guidelines

45. The European Council draws particular attention to the key policy priorities underlying the Broad Economic Policy Guidelines and the revised Employment Guidelines:
- creating the best economic conditions to promote growth, firstly by delivering a stability-orientated macroeconomic framework which can provide a platform for increased domestic demand and job creation, and secondly by pursuing greater competitiveness and dynamism through investment in human and physical capital and R&D, through improving the economy-wide application of technology and exploitation of research, through fully integrated EU financial markets and through fostering entrepreneurship and improving the framework conditions for industry,
 - reforms to create more and better jobs in order to promote full employment, making labour markets more efficient, inclusive and adaptable, adapting tax and benefit systems to make work pay, increasing labour market participation in line with the Lisbon targets, promoting a new balance between flexibility and security, facilitating labour mobility and improving and updating skills to achieve higher productivity and better quality jobs, and
 - strengthening the sustainability of public finances in particular by further reducing government debt ratios and by reforming pension and health care systems now while the demographic window of opportunity is still open, thus ensuring that a massive burden is not left for future generations, as well as by increasing employment rates.

46. The European Council accordingly endorses the draft Broad Economic Policy Guidelines and the draft Employment Guidelines. This is the first time the two sets of guidelines have been presented under new streamlined procedures: the European Council welcomes the fact that both sets of guidelines now cover a period of three years and are presented in a new, concise format, with clear recommendations for policy action. The medium-term perspective and specific recommendations to the individual policy actors establish an agreed comprehensive framework for economic policy measures, progress on which can be systematically reviewed in the coming years. Member States should ensure consistency and coherence in the implementation of both sets of guidelines.

ECB

47. The Heads of State or Government have approved the candidacy of Jean-Claude Trichet for the presidency of the European Central Bank. They invite the Council (ECOFIN), at its next session, to initiate the procedure foreseen in Article 112 of the Treaty.

Progress with the Lisbon reform agenda

48. The European Council took note of the state of implementation of the various remits issued by the 2003 Spring European Council on the basis of a report submitted by the Presidency and recognised that while progress has been made, much still remains to be done.
49. In this context it welcomes in particular the final adoption of the tax package and of the Internal Market energy package and the agreements reached on Better Regulation, in the form of an interinstitutional agreement between the European Parliament, the Council and the Commission, as well as on the Second Railway Package and the decision authorising the Commission to open negotiations with the US in air transport; on the re-use of public sector documents and the establishment of the European Network and Information Security Agency; on the Erasmus Mundus and the e-Learning programmes; on the Intelligent Energy for Europe programme and the decision on energy TENs; and on the environmental liability Directive.

50. The agreement on restricting the carriage of heavy fuel-oil in single hulled tankers and on accelerating the timetable for the withdrawal of such tankers also represents welcome progress. The European Council underlined the importance of including Russia in this process.

51. The European Council also welcomes the progress achieved on the implementation of the Financial Services Action Plan (pensions funds, prospectuses and investment services) and on the modernisation of Regulation No 1408/71 enabling improved cross-border movement of EU citizens.

52. The European Council recalled the conclusions of the 2003 Spring European Council with regard to the pricing of transport infrastructure and welcomes the intention of the Commission to present a proposal for a euro vignette in the days to come.

53. Finally, the European Council notes the Commission's intention to launch an initiative in cooperation with the European Investment Bank to support growth and integration by increasing overall investment and private sector involvement in TENs and major R&D projects and in this context invites the Italian Presidency to pursue this further.

VIII. EXTERNAL RELATIONS, CFSP AND ESDP

EU Security Strategy

54. Our Union is committed to facing up to our responsibilities, guaranteeing a secure Europe and a better world. To this end, we will contribute relentlessly to strengthening and reshaping the institutions of global governance, regional cooperation and expanding the reach of international law. We will support conflict prevention, promote justice, sustainable development, help secure peace and defend stability in our region and globally. The European Council therefore welcomes the recommendations submitted by SG/HR Javier Solana for an overall strategy in the field of foreign and security policy, an initiative conceived at the informal Foreign Ministers' meeting at Kastellorizo. It tasks the SG/HR to bring this work forward, to further examine our security challenges, in close cooperation with Member States and the Commission, with a view to submitting an EU Security Strategy to the GAERC in order to be adopted by the European Council in December. This strategy should also encapsulate Member States' interests and citizens' priorities and constitute a living document subject to public debate and to review as necessary.

ESDP

55. The European Council endorses the report from the Presidency on progress in the ESDP.
56. The European Council welcomes the conclusions of the GAERC on 19 May and notes with satisfaction the progress made in the field of military capabilities. The EU now has operational capability across the full range of Petersberg tasks, limited and constrained by recognised shortfalls, which can be alleviated by the further development of the EU's military capabilities, including through the establishment of ECAP Project Groups.
57. Progress was made in the development of capabilities and conceptual aspects of the four priority areas of civilian crisis management, namely police, rule of law, civilian administration and civil protection.

58. The operational capability of the European Union has been reaffirmed through the launching of three ESDP operations, EUPM in Bosnia and Herzegovina, CONCORDIA in FYROM and ARTEMIS in Bunia, DRC.
59. The EU-led operations EUPM and ARTEMIS have provided strong impetus to the cooperation between the EU and the UN.
60. The European Council welcomes the conclusion and implementation of EU-NATO permanent arrangements, in particular Berlin Plus, which enhanced the operational capability of the Union and provided the framework for the strategic partnership between the two organisations in crisis management.
61. Further to the mandate received at the Seville European Council, the Presidency has submitted the annual report on the implementation of the EU Programme for the Prevention of Violent Conflicts which the European Council hereby endorses. Furthermore, in implementing this programme, the Greek Presidency has emphasised the regional approach by focusing mainly on the Western Balkans.
62. The European Council notes with satisfaction the progress achieved in the contribution of EU external action (including CFSP/ESDP) to the fight against terrorism, as reflected in the attached report (Annex I) on the subject, which the European Council hereby endorses.
63. The European Council noted a report by Prime Minister Verhofstadt on the meeting on 29 April 2003 on the ESDP.

Weapons of mass destruction

64. The European Council adopted the attached declaration (Annex II) on non-proliferation of weapons of mass destruction endorsed by the GAERC on 16 June 2003.

Agency in the field of defence capabilities

65. The European Council, following the 2003 Spring European Council, tasks the appropriate bodies of the Council to undertake the necessary actions towards creating, in the course of 2004, an intergovernmental agency in the field of defence capabilities development, research, acquisition and armaments. This agency, which will be subject to the Council's authority and open to participation by all Member States, will aim at developing defence capabilities in the field of crisis management, promoting and enhancing European armaments cooperation, strengthening the European defence industrial and technological base and creating a competitive European defence equipment market, as well as promoting, in liaison with the Community's research activities where appropriate, research aimed at leadership in strategic technologies for future defence and security capabilities, thereby strengthening Europe's industrial potential in this domain.

Relations with the Arab world

66. The European Union is convinced that it must strengthen its partnership with the Arab world. It intends to promote a closer political dialogue, pluralism and democratic reform, and economic and social development. The dialogue between cultures, religions and civilisations should be stepped up.
67. The European Council accordingly invites the Commission and the High Representative to carry forward the work and to formulate a detailed work plan to be presented to the European Council in October this year, taking full account of existing policies and programmes and in particular the Barcelona Process and the New Neighbours Initiative. On that basis the Council will take the appropriate decisions.

Euro-Mediterranean Partnership

68. The European Council welcomed the spirit of cooperation shown by all participants at the Mid-Term Euro-Mediterranean Ministerial Meeting, which was held in Crete. It stressed that the strengthening of the parliamentary dimension of the Euro-Mediterranean Partnership will greatly contribute to interparliamentary cooperation. It also recognised that the adoption of the Guiding Principles of the dialogue between cultures and civilisations would facilitate the establishment of a Euro-Mediterranean Foundation. In the effort to transform the Mediterranean Basin into an area of dialogue, cooperation, peace and stability, the civil society of the countries of the region, including women, is expected to play an important role in promoting democratic values, social awareness, education and development.

USA

69. The European Council reviewed the state of the EU-US relationship and expressed its conviction that the development of transatlantic relations on an equal footing remains of fundamental importance in every domain not only for the two sides but also for the international community.
70. The European Council looks forward to the EU-US summit in Washington on 25 June 2003 to set priorities in their relations, aiming at intensified cooperation to achieve concrete results, building on progress already achieved in many fields and developing new areas of cooperation. Furthermore, the EU is determined to develop transatlantic dialogue at all levels between the institutions of the societies of the two sides and to continue discussions with the US on proposals for strengthening relations including ideas that could emerge from the elaboration of the European security strategy.

Common Strategies

71. The European Council takes note of the regular reports on implementation of the EU common strategies on Russia and the Mediterranean area and agrees to extend the period of application of the common strategy on Russia until 24 June 2004.

Combating HIV/AIDS, tuberculosis and malaria

72. The European Council reaffirms its commitment to combating HIV/AIDS, tuberculosis and malaria with a view to their eradication. It welcomes the rapid start-up of the activities of the Global Fund to fight HIV/AIDS, tuberculosis and malaria and affirms its determination to enable this multilateral instrument to bring high-quality, affordable prevention, care and treatment to poor people in the developing countries.

73. It calls upon each Member State and the Commission to make a substantial contribution, on a long-term basis, to the financing of the Fund. It pledges its support to the international conference of donors and partners to be held in Paris on 16 July 2003, when the contribution of the European Union to the Fund will be determined.

International humanitarian law

74. The European Council stresses the importance of national armed forces observing applicable humanitarian law as well as the weight it attaches to dialogue with the ICRC on this matter.

International Criminal Court (ICC)

75. The European Union strongly supports the ICC as an important step forward in the implementation of international humanitarian law and human rights. We will continue to work actively for the universality of the Court and contribute to its effective functioning.

Green Diplomacy

76. The European Council reaffirms its commitment to integrate the environment into external relations by promoting a European diplomacy on environment and sustainable development. In this context, it welcomes the establishment of a network of experts under the aegis of the Presidency, in full association with the Commission, as foreseen in the strategy endorsed at Barcelona on environmental integration in the external policies of the General Affairs Council.
77. The European Council invites the Council to follow this initiative closely and, in liaison with the Commission, to report on the results achieved for its meeting in June 2005.

Middle East

78. There is an historic opportunity for peace in the Middle East. The European Council welcomes the decision of Israel and the Palestinian Authority to accept the Roadmap developed by the Quartet, with the full participation of the European Union.
79. It also welcomes the results achieved at the Aqaba Summit, the personal engagement of President Bush, the commitments undertaken by Prime Ministers Sharon and Abu Mazen and the commitment to peace shown by Arab leaders in Sharm-el-Sheikh.
80. The European Council is determined that this opportunity for peace should not be missed. It remains deeply concerned by the continuing violence on the ground that has reached new levels. This must not be permitted to endanger the implementation of the Roadmap. There remains no alternative to the speedy implementation, in good faith by the two sides, of the Quartet roadmap which contains clear timelines for the establishment of a Palestinian State by 2005, living side by side with Israel together in peace and security.

81. The European Council underlines the importance of the role of the Quartet and the readiness of the EU to contribute in all aspects of the implementation of the roadmap towards a lasting, just and peaceful settlement of the conflict, including through the setting up of a credible and effective monitoring mechanism. The upcoming Quartet Principals' meeting in Amman is a good opportunity to underline this.
82. The European Union unequivocally condemns terrorism and will contribute to efforts aimed at cutting off support, including arms and financing, to terrorist groups. It is also ready to help the Palestinian Authority in its efforts to stop terrorism, including its capacity to prevent terrorist financing.
83. The Union demands that Hamas and other groups declare a ceasefire immediately and halt all terrorist activity and recalls that the Council is urgently examining the case for wider action against Hamas fund raising. It is essential that all concerned, in particular the countries of the region, condemn terrorism and assist in efforts to eradicate it.
84. The Union welcomes the relaunch of security talks and the active role of Egypt in this regard.
85. The European Council calls on Israel to take action to restore trust and abstain from any punitive measures, including extra-judicial killings, and to act in accordance with international law.
86. It also calls on Israel to reverse the settlement policy and activity and end land confiscations and the construction of the so-called security fence, all of which threaten to render the two-State solution physically impossible to implement.
87. Peace in the Middle East will not be comprehensive if it does not include Syria and Lebanon as well.

88. Peace will never be attainable if it is not supported by the people. The European Union stands ready to take initiatives aiming at the creation of the necessary bridges among representatives of the civil society of the two sides. This should include the role of women, whose contribution has often been shown to be an important factor in building peace in war-torn areas.
89. The European Council expresses its gratitude to Miguel Angel Moratinos for the remarkable work he has performed for the past seven years as EU Special Representative to the Middle East.
90. Finally, the European Union underlines the importance it attaches to the regional dimension through the Euro-Mediterranean Partnership and welcomes the spirit of cooperation shown by all participants at the recent mid-term Ministerial meeting in Crete.

Iraq

91. The fall of the government of Saddam Hussein has paved the way for the people of Iraq to enjoy a peaceful, secure and prosperous future.
92. The European Council welcomes the adoption of UNSC Resolution 1483, which demonstrates a new spirit of cooperation within the international community. We believe that it provides the basis for effective international support for the initial stages of Iraq's political transition while ensuring adequate revenues for humanitarian assistance and reconstruction.
93. The European Council welcomes the appointment of Sergio Vieira de Mello as the UN Secretary General's Special Representative for Iraq. It looks forward to an important United Nations contribution to the process leading to the formation, as soon as possible, of a representative Iraqi government, in which the UN can use its unique capacity and experience in post-conflict nation building. It invites the Commission and Member States to support the UN Special Representative in the fulfilment of his mandate.

94. The European Union reiterates its commitment to the development of a prosperous and stable Iraq with a representative government and a thriving civil society with which it can develop mutually beneficial relations. The appointment of an Iraqi interim administration will be an important first step towards this goal.
95. The European Council welcomes the improving humanitarian situation but remains concerned by the continuing challenge to provide security to the civilian population. Law and order is a precondition for the sustainable reconstruction of the country. The European Council notes that certain Member States and Acceding Countries are contributing to creating conditions of stability and security in Iraq following UNSC Resolution 1483.
96. The European Union stands ready to participate in the reconstruction of Iraq within the framework of UNSC Resolution 1483. The European Council invites the Commission and the High Representative to submit proposals for an EU contribution.
97. The European Union will continue its active and substantial involvement in the field of humanitarian relief. It looks forward to the Donor's Consultative Meeting hosted by UNDP in New York on 24 June.
98. We reiterate our call on Iraq's neighbours to support stability in Iraq and in the region and our willingness to contribute through deepening dialogue and cooperation in all fields with the Arab and Islamic worlds.

Iran

99. The European Council discussed developments in relations with Iran. On Iran's nuclear programme, it has taken note of the statement issued yesterday by the Chairperson of the IAEA Board of Governors. It reiterates its full support for the IAEA in its efforts to conduct a comprehensive examination of Iran's nuclear programme. It expresses serious concern at some aspects of the Iranian programme, in particular as regards the closing of the nuclear fuel cycle, especially the uranium centrifuge, announced by President Khatami. The European Council expects Iran to make good its commitment, reaffirmed at yesterday's IAEA meeting, to full transparency. It calls on Iran to be fully cooperative vis-à-vis the IAEA in all its nuclear activities and urgently and unconditionally to sign, ratify and implement an Additional Protocol to its Safeguards Agreement. This would be a significant step towards creating the much-needed confidence.
100. The European Union will continue to monitor closely developments on this and all other areas of concern in its relations with Iran. It stresses in particular the need for significant positive developments on human rights, including the handling of the recent demonstrations, terrorism and the MEPP. It reiterates that progress in these matters and strengthened dialogue and cooperation are interdependent, essential and mutually reinforcing elements of EU-Iran relations.

North Korea

101. The European Council remains seriously concerned at North Korea's nuclear programme and its failure to comply with its IAEA safeguards agreement, which undermine the non-proliferation regime. The Council calls on North Korea to refrain from any action that would further aggravate the problem. It also urges North Korea to visibly, verifiably and irreversibly dismantle its nuclear programme, as a fundamental step to facilitate a comprehensive and peaceful solution, and to return to full compliance with its international non-proliferation obligations. The European Union reaffirms its readiness to contribute to a multilateral diplomatic solution to the crisis and expresses support for the Peace and Prosperity Policy followed by the Republic of Korea.

East Timor

Refugees

102. The European Union is closely monitoring the situation of the Timorese refugees who are still on Indonesian territory close to the border with East Timor.
103. The European Council declares the readiness of the European Union to cooperate with the United Nations High Commissioner for Refugees in supporting the Indonesian authorities in the urgent implementation of rehousing programmes for refugees who do not intend to settle permanently in East Timor.

Electoral support

104. The European Council reaffirms its support for consolidation of the democratic transition in East Timor. It calls on the Council to study, together with the Commission, the appropriate mechanisms for providing electoral support to the East Timorese authorities, in particular during the forthcoming elections to be held at the end of this year.

Burma

105. The European Council expresses its continued grave concern over developments in Burma and recalls the conclusions of the GAERC of 16 June.
106. It urges the Burmese authorities immediately to release Daw Aung San Suu Kyi as well as other members of the national league for democracy (NLD) and to reopen NLD offices.
107. It asked the Presidency and SG/HR to make contact with Asian partners to concert positions with them.

Cuba

108. The European Council remains deeply concerned about the violation of fundamental freedoms in Cuba. It recalls the Conclusions on Cuba adopted by the GAERC on 16 June.
109. The European Council deplors and rejects the totally unacceptable behaviour of the Cuban Authorities vis à vis the EU, its Member States and the Acceding States.

Central Africa

110. The European Council considers it necessary for the Union and its members to provide committed political and diplomatic support for the peace mission in the DRC (Ituri) in order not to jeopardise the setting up of the transitional government provided for by the Pretoria agreements.

**PRESIDENCY REPORT TO THE EUROPEAN COUNCIL ON EU EXTERNAL ACTION
IN THE FIGHT AGAINST TERRORISM (INCLUDING CFSP/ESDP)**

INTRODUCTION

Based on the conclusions of the European Council in Seville and following the conclusions of the General Affairs and External Relations Council of December 2002, the multi-faceted approach towards fighting terrorism has been developed in all aspects of the EU external policy.

As a follow-up to the recommendations contained in the report to the General Affairs and External Relations Council on 4 December 2002, the present report details the progress achieved.

A. EU RELATIONS TO THIRD COUNTRIES

1. Threat Analyses

There has been a continuing effort to expand the analysis of the threat worldwide. COTER has produced three (3) new Regional Threat Assessments (Central and Latin America, South Asia and South East Asia). Fourteen (14) new country threat assessments have also been finalised. The Compilation now encompasses 9 regions and 55 countries. Progress has also been achieved in updating and reviewing the existing assessments. The updating process is ongoing.

These assessments contain recommendations for a EU strategy towards the countries and regions in question as well as follow-up action. Efforts are being made to streamline and clarify these recommendations included in these reports. Methods of streamlining the recommendations will be agreed upon under the incoming Italian Presidency.

2. Thematic Assessment

On the basis of a thematic assessment, the EU has adopted policy recommendations on the fight against terrorism with regard to terrorist groups.

3. Report on Extreme Fundamentalism and terrorism

Following discussions among Foreign Ministers at the October 2002 GAERC, the Danish Presidency decided to commission a group of Ministers' personal representatives to submit an analysis of the phenomenon of extreme fundamentalism and terrorism. Between December 2002 and May 2003, the Extreme Fundamentalism and Terrorism group met four times (once in Copenhagen, twice in Brussels and once in Athens). The final report has been submitted and will be further discussed within the Council with a view to taking forward its recommendations.

4. Review of counter terrorism aspects of relations with Third countries

The European Union has established a procedure to ensure reviewing and amending of aspects of relations with Third countries which are related to the fight against terrorism, including as appropriate contractual relations, following the systematic evaluation initiated by the GAC in October 2001. Standard anti-terrorism clauses have so far been included in agreements with Chile, Algeria, Egypt and Lebanon and form part of the ongoing negotiations for agreements with Syria, Iran and the Gulf Cooperation Council (GCC).

5. Political Dialogue

Political dialogue with the Third countries, and regional or subregional organisations is a key tool for conveying to Third countries the importance which the EU attaches to the fight against terrorism.

There have been joint Statements and Declarations with India, Japan, Canada, Russia, Latin America, ASEM and the African Union, which have served as the basis for furthering the cooperation in the fight against terrorism, and more recently a new joint statement with ASEAN was issued in January. In particular, regarding the dialogue with USA, Russia and India, efforts have been made to deepen the existing cooperation on the basis of focusing on formulating relevant Action Plans and working on specific agreed areas of cooperation.

6. The Guidelines for a Common Approach to the Fight against Terrorism

Extensive work has been carried out on the Guidelines for a Common Approach to the Fight Against Terrorism, which are being finalised. These Guidelines, as an accompanying internal tool to EU's Action Plan, will contribute further to the conduct of the political dialogue as well as to the better implementation of the EU's policy towards the fight against terrorism.

B. TECHNICAL ASSISTANCE TO THIRD COUNTRIES

1. EU Technical assistance to third countries (under UNSCR 1373)

In order to meet the objective of identifying specific actions to assist third countries in implementing their commitments under UNCSR 1373, the European Union upon suggestion by the Commission has acted swiftly by establishing a strategy for providing additional and focused projects on technical assistance to a number of third countries facilitating the implementation of UNSCR 1373 and other relevant international obligations. On the basis of this framework, pilot projects are being launched in a limited number of countries. Priority countries for assistance have been chosen based on criteria endorsed by the Council and in consultation with the UN Counter Terrorism Committee (CTC).

The Commission has decided to give priority to Indonesia, Pakistan and the Philippines, as the first pilot countries to benefit from this assistance. An assessment mission to the Philippines took place in November 2002 and assessment missions for Indonesia and Pakistan in January 2003. Concrete projects are being designed in close cooperation with the Third country in question, and on the basis of assessment mission with participation of the Commission and national experts of EU Member States. Terms of Reference have been drafted and discussed with the recipient countries. At the same time, the Commission is examining possibilities to contribute to programmes in the field of the fight against terrorism of regional organisations such as OSCE and ASEAN.

2. Inventory of bilateral assistance by Member States to third countries

To foster coordination among EU Member States, the first compilation of the Inventory on bilateral assistance programs related to the fight against terrorism to Third states has been established. This document will be regularly updated, as appropriate.

C. THE FIGHT AGAINST THE FINANCING OF TERRORISM

The fight against terrorism funding remains a top priority of the European Union. Working within the EU and together with Third countries, in particular the USA, the EU is looking for ways to take forward the international communities activities in this area. This report proposes recommendations in this area.

Further work has been undertaken as regards the freezing of funds and economic resources with a view to preventing the financing of terrorism. The legislation targeting Al Qaeda and the Taliban (Regulation (EC) No 881/2002) has been updated several times, so as to bring it in line with the amendments decided by the competent Sanctions Committee of the UN Security Council. The Council has also published an amendment (Regulation (EC) No 561/2003) transposing the exceptions which are foreseen in Resolution 1452(2002). The Council has also reviewed and amended the list of persons, groups and entities targeted by the freezing measures of Common Position 2001/931/CFSP and Regulation (EC) No 2580/2001, as foreseen by these legal instruments.

The joint conclusions of the EU-GCC ministerial meeting in Doha on March 3rd 2003 state that "it is highly important to fight against terrorist financing in particular to prevent terrorist groups to obtain funds". On this occasion, the EU proposed to Gulf countries to initiate a dialogue, in a format to be determined, on ways of guaranteeing transparency of the use of funds collected for humanitarian purposes.

The EU has continued to work in the FATF to revise the 40 special Recommendations and to ensure full compliance with the 8 special Recommendations on terrorist financing. The EU will continue its support for the FATF, including its work to identify priority countries for technical assistance to combat the financing of terrorism.

D. COOPERATION WITH INTERNATIONAL ORGANISATIONS, REGIONAL FORA, AND OTHER PARTNERS

1. International Organisations and regional fora

The EU has been participating in all major developments taking place at the UN (CTC, 6th Committee, Ad Hoc Committee, UNODC, and the UN Centre for International Crime Prevention). In particular, the EU actively participated in the Special meeting of the Counter-Terrorism Committee with international, regional and sub-regional organisations on 6 March 2003.

The EU is also following developments within the International Maritime Organisation (IMO), where negotiations are underway to review the 1988 Convention and Protocol on maritime terrorism.

The EU has also contributed to the work of other international organisations in the fight against terrorism and continued the close cooperation with regional fora, such as the Latin America/the Caribbean, ASEM, ASEAN, ARF, the Barcelona process, etc.

2. Bilateral cooperation

New initiatives, more concrete steps and exchange of substantive information have taken place with the USA in view of the deepening of the political dialogue and the expansion of cooperation with USA in the fight against terrorism.

The initiation of concrete action plans with other partners (Russia) has led to a more solid and reciprocal form of collaboration. However, more steps are needed for a more consolidated work *inter alia* the consideration of the engagement of other key partners worldwide.

E. CROSS-PILLAR COOPERATION

The EU is developing a more coordinated and cross-pillar approach to the fight against terrorism. The COTER Working Party and the JHA Working Party on Terrorism have produced a EU Compendium of Threat Assessments in the fight against terrorism. This common document presents the overall threat to the EU interests both internally and internationally. Proposals have been made during the CFSP/JHA joint meeting on terrorism to enhance the cross-pillar approach and will be further examined.

F. ESDP

Work has progressed on the implementation of the Seville Declaration adopted by the European Council in June 2002 regarding the contribution of ESDP in the fight against terrorism. In accordance with this Declaration and with the report of the Danish Presidency noted by the Council in December 2002 concerning the external action of the European Union in the fight against terrorism, the Union is in the process of defining the possible interaction between the military capabilities under the ESDP and the fight against-terrorism.

- a. The issue of how military assets and capabilities could be used to assist in protecting civilian populations against the consequences of terrorist attacks, including chemical, biological, radiological and nuclear (CBRN) has been addressed.

The Council took note of the establishment of a database of military assets and capabilities relevant to the protection of civilian populations against the effects of terrorist attacks, including CBRN, it being understood that this will be for informative purposes only. The EU Military Staff has forwarded a questionnaire to the Member States to collect the information in order to establish such a database. This information is intended to improve cooperation among Member States when they consider the use of relevant military assets and capabilities in crisis management operations, or in support of consequence management measures undertaken by individual Member States within the EU. In the latter case, it is understood that the military assets and capabilities included in the database might be made available on a voluntary basis on request of Member State(s) concerned.

Moreover, it has been agreed that modalities, procedures and criteria for the use of these military assets and capabilities will be developed by the competent bodies, taking into account other work being done within the EU with a view to ensuring a comprehensive EU response.

- b. The Council also noted that the question of military capabilities required to protect forces deployed in EU-led crisis management operations against terrorist attacks, including CBRN, has also been addressed. The impact of the terrorist threat on the development of military capabilities was refined within the ECAP. Therefore, a relevant Project Group (on NBC) has been established in order to resolve this issue.
- c. The EU Council Secretariat, through its Situation Centre, has prepared an assessment on the CBRN terrorism threat.

- d. Lastly, the EU and NATO continue to share information at all levels on activities in the field of the fight against-terrorism. On the issue of civil protection against CBRN terrorist attacks, both organisations have additionally increased transparency through the exchange of inventories listing their respective activities and capabilities for protection of civilian populations against CBRN terrorist attacks. The EU is exploring ways to further develop its cooperation with NATO in the fight against terrorism.

The Council invited the Secretary General – High Representative, together with the Commission, to present recommendations so as to take these matters forward at a forthcoming Council meeting.

**DECLARATION ON NON PROLIFERATION OF
WEAPONS OF MASS DESTRUCTION**

1. The proliferation of weapons of mass destruction and means of delivery such as ballistic missiles is a growing threat to international peace and security. A number of states have sought or are seeking to develop such weapons. The risk that terrorists will acquire chemical, biological, radiological or nuclear materials adds a new dimension to this threat.
2. The European Union cannot ignore these dangers. WMD and missile proliferation puts at risk the security of our states, our peoples and our interests around the world. Meeting this challenge must be a central element in the EU external action, including the common foreign and security policy. Our objective is to deter, halt and, where possible, reverse proliferation programmes of concern worldwide.
3. Drawing on the Basic Principles already established, we are committed to further elaborate before the end of the year a coherent EU strategy to address the threat of proliferation, and to continue to develop and implement the EU Action Plan as a matter of priority. Our starting point will be a comprehensive and regularly updated threat analysis. Our approach will be guided by our commitment to uphold and implement the multilateral disarmament and non-proliferation treaties and agreements; our support for the multilateral institutions charged respectively with verification and upholding of compliance with these treaties; our commitment to strong national and internationally-coordinated export controls; and our commitment to cooperate with the United States and other partners who share our objectives. We recognise that appropriate steps towards the goal of general and complete disarmament can contribute to furthering non-proliferation objectives; and we are determined to play our part in addressing the problems of regional instability and insecurity and the situations of conflict which lie behind many weapons programmes, recognising that instability does not occur in a vacuum.

4. We have a wide range of instruments available: multilateral treaties and verification mechanisms; national and internationally-coordinated export controls; cooperative threat reduction programmes; political and economic levers; interdiction of illegal procurement activities; and, as a last resort, coercive measures in accordance with the UN Charter. While all are necessary, none is sufficient in itself. We need to strengthen them all, and deploy those which are most effective in each case.

5. The European Union has special strengths and experience to bring to this collective effort. In further implementing our Action Plan, we will focus in particular on:
 - universalising further the key disarmament and non-proliferation treaties, agreements and arrangements, and where necessary strengthening them, and in particular the means of ensuring compliance with their provisions. We emphasise that full compliance lies at the core of the cooperative approach to collective security and is a pre-condition for international stability and security;

 - enhancing our political, financial and technical support for agencies in charge of verification. In particular, we are determined to bring into force our IAEA Additional Protocols before the end of 2003;

 - fostering the role of the UN Security Council, and enhancing its expertise in meeting the challenge of proliferation;

 - strengthening export control policies and practices within the European Union and beyond, in coordination with Partners;

 - strengthening identification, control and interception of illegal shipments, including national criminal sanctions against those who contribute to illicit procurement efforts;

- enhancing the security of proliferation-sensitive materials, equipment and expertise in the European Union against unauthorised access and risks of diversion;
 - reinforcing EU cooperative threat reduction programmes with third countries, targeted at support for disarmament, control and security of sensitive materials, facilities and expertise;
 - ways to deploy the EU's political, diplomatic and economic influence most effectively in support of our non-proliferation objectives. EU economic cooperation or development assistance with third countries should take account of WMD proliferation concerns;
 - setting up a unit within the Council Secretariat, which would function as a monitoring centre, entrusted with the monitoring of the consistent implementation of the Action Plan and the collection of information and intelligence.
6. We request the Council, as a matter of urgency, to take forward this work, on the basis of the Action Plan and drawing on the Basic Principles agreed on 16 June.