

Brussels European Council (12 December 2003)

Presidency Conclusions

1. The European Council met in Brussels on 12 December 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. Economic Growth

European Action for Growth

2. The European Council endorses the European Action for Growth, on the basis of the reports presented by the ECOFIN Council, the Commission and the EIB. The Action covers material as well as immaterial investments in two broad areas: the trans-European network infrastructure (TENs) including transport, telecommunications and energy, and innovation and R&D including environmental technology. It is an important step in the implementation of the Union's Lisbon agenda to improve competitiveness, employment and the enlarged Union's growth potential through higher investment in both physical and human capital to complement structural reform. The European Council welcomes the work carried out by the Commission, the EIB and the relevant formations of the Council on the establishment of a "quick start programme" and on the identification, according to a strict set of criteria, of a provisional list of projects for immediate action; these projects will be considered by the EIB and EIF in accordance with the principles set out in the ECOFIN Council report. If other projects fulfil the same criteria the list may be complemented, in accordance with the procedure followed for its establishment, in the framework of the annual reporting cycle to the Spring European Council.

3. The Action for Growth rests on close collaboration between the Member States, the Council, the Commission and the EIB. All relevant actors have to play their role in order for the Action to succeed, in particular by taking the necessary steps to ensure implementation of the "quick-start programme", so that the EIB and other relevant actors can provide appropriate financing. The mobilisation of private resources to finance qualifying projects is the cornerstone of the Action for Growth. The Action for Growth assumes the part-financing of projects from national budgets, in particular by optimising the use of existing public resources, a contribution from the EU and the EIB and enhanced coordination between all relevant sources of financing. The European Action for Growth will be consistent with the BEPGs, the Stability and Growth Pact, the Financial Perspective and the agreed

framework for the EIB's capital. The European Council welcomes the political agreement in the Council on the TENs financial regulation providing for a higher rate of Community co-financing for some specific projects or sections of projects.

4. The European Council therefore invites:

- the EIB, in accordance with the ECOFIN Council report, to implement the financial instruments aiming at leveraging private capital, and to develop Securitisation Trusts and within the limits of the Bank's Statutes and subject to Eurostat rules work with the Member States as they seek to mobilise resources by bringing infrastructure assets to markets,

- Member States to complement the Action for Growth by national measures and programmes and, together with the Commission, to act rapidly to eliminate technical, legal, administrative and accounting obstacles to the implementation of PPPs, TENs and innovation and R&D projects and improve the non-financial framework conditions for these projects,

- the Commission, in accordance with the ECOFIN Council report, to redirect expenditure where appropriate towards growth-enhancing investment in physical and human capital and knowledge, and, in cooperation with the Member States, to further examine the necessity of developing a specific Community guarantee instrument for certain post-construction risks in TEN transport projects, to report on the results of that examination and, if appropriate, to present a proposal in this regard,

- the Commission and the EIB, to provide a mid-term evaluation of the Action for Growth by the end of 2007, on the basis of the following criteria: (i) effects on growth;(ii) impact on the internal market and cohesion in the enlarged EU; (iii) mobilisation of private sector capital, (iv) acceleration of the implementation of TENs and innovation and R&D projects including environment projects; (v) progress in reducing regulatory barriers; (vi) the impact on the environment and employment.

Connecting the Internal Market

Transport TENs

5. The European Council welcomes the Council's political agreement on the new Community guidelines for the development of the Trans-European Transport Network, based on the work carried

out by the Van Miert Group. These will allow all Member States of the enlarged Europe to participate fully in the Internal Market.

6. The priority projects identified by the guidelines are crucial to the strengthening of Internal Market cohesion, especially in view of the forthcoming enlargement of the European Union and of the need to remove bottlenecks and/or complete missing links in the circulation of goods (transit) across natural or other barriers or across borders.

7. As far as transport TENs in the context of the Action for Growth are concerned, the European Council takes note with satisfaction of the political agreement by the ECOFIN Council to increase the upper EU contribution from 10% to 20% for cross-border projects, and emphasises how the Action for Growth, in the case of transport, is entirely in line with the transport priority projects proposed by the Commission and approved by the Council on 5 December.

8. The European Council welcomes the presentation by the Commission of a proposal for a new Eurovignette Directive. It urges the Council to speed up its work in order to allow agreement on the Community-wide framework by March 2004 and, subsequently, to find an agreement with the European Parliament.

Telecommunications

9. The European Council invites the Commission to propose in its telecommunications report to the Spring 2004 European Council concrete actions to be taken by the Member States to improve the conditions of 3G mobile communications and broadband development in Europe.

Competitiveness

10. The European Council takes note with interest of progress on defining an integrated horizontal approach to competitiveness, i.a. through coherence, synergies and complementarities between policies, and invites the Council to assess further the Commission's communication, in particular identifying, in cooperation with the Commission, proposals having a significant impact on competitiveness or creating an excessive burden for certain sectors of industry. In this context further cost-effective ways of implementing EU decisions in the field of climate change and the potential cost of inaction should be considered. Conscious of the importance of the industrial sector for the competitiveness of the European economy and in view of the objectives set by the Lisbon

strategy, the European Council looks forward to receiving the Commission's report on de-industrialisation in the first half of 2004.

11. The European Council welcomes the important agreement on a general approach on take-over bids, which is an essential component of the Financial Services Action Plan for the integration of European financial markets by 2005. The European Council also recalls the need to approve the Community patent on the basis of the common political approach already reached in March 2003. It stresses the need to develop broadband telecommunications and for the full and effective transposition of the new regulatory framework for electronic communications.

12. In view of the forthcoming international meeting in Washington on 19 December 2003 the European Council welcomes the decisions reached in the Competitiveness Council on the European candidate site for hosting ITER and supports the efforts to ensure the success of this candidacy.

Employment

13. The European Council welcomes the report on "Creating more employment in Europe" presented by the Task Force chaired by Mr. Kok as well as the results of the work of the extraordinary Social Summit for Growth and Employment of 11 December on this issue.

14. The Task Force Report underlines the need to accelerate the implementation of the necessary reforms on employment. Europe has a large gap to bridge to achieve the employment objectives set at Lisbon. Economic growth is insufficient and unemployment is much too high. This is all the more urgent in the light of the wider, longer-term challenges Europe faces, such as globalisation, worldwide economic transformation and the consequences of the ageing society.

15. The European Council stresses that, in accordance with the view of the Task Force, improving the EU's employment performance in the context of the Employment Strategy depends on meeting four essential requirements:

- increasing adaptability of workers and enterprises,
- attracting more people to the labour market,
- more and more effective investment in human capital,
- ensuring effective implementation of reforms through better governance.

16. The European Council underlines that employment will be one of the central aspects of the 2004 Spring European Council. It therefore invites the Commission and Council to consider the Task Force report in the preparation of the Joint Employment Report.

II. Freedom, Security and Justice

Managing the Union's common borders

17. The European Council welcomes the political agreement reached by the Council on the main elements of the Commission proposal for a Council Regulation establishing a European Agency for the Management of operational cooperation at the common borders. It also invites the JHA Council to finish examining this important proposal as soon as possible so that it can be adopted in time to allow the Agency to become operational by 1 January 2005.

18. The European Council also welcomes the adoption of the programme of measures to combat illegal immigration across the maritime borders, which takes into account the results of the feasibility study carried out for the Commission on maritime borders. It calls on the JHA Council, in close cooperation with the Commission and the Member States, to ensure the implementation of the measures set out in the programme in order for the European Council to evaluate the results.

19. In the context of enlargement, the European Council welcomes the measures aimed at easing control procedures at the borders between Member States and acceding States, as well as those aimed at supporting the latter in their process of alignment with the *acquis* on external borders.

Controlling migratory flows

20. The European Council welcomes the general approach reached by the Council on the two Commission proposals for Council Regulations on biometric identifiers in visas and residence permits and invites the Commission to submit in due time a proposal for the introduction of biometric identifiers in passports. On the basis of the forthcoming Commission communication, it invites the Council to take the necessary decisions on the development of the Visa Information System (VIS) as soon as possible.

21. The European Council calls for more rapid progress in the field of return. Moreover, confirming the request it made in Thessaloniki, it invites the Commission to present at the beginning of 2004 a proposal for a financial instrument aimed at supporting a common approach in the area of return policy.

22. The European Council welcomes the significant progress achieved in the negotiations on the adoption of the two Council Directives on asylum qualification and procedures. It takes note of the persisting political obstacles that have been delaying the conclusion of these negotiations. On the other hand, it reaffirms the importance of developing a common European policy on asylum and invites the JHA Council to complete its work as soon as possible to ensure that the first phase of the establishment of a European Asylum system is fully implemented within the deadline set in Tampere.

23. Finally, the European Council reaffirms the importance of the dialogue with third countries of origin and transit of migratory flows and underlines the importance of continuing to assist those countries in their own efforts to stem such migratory flows. This was also emphasised at the meeting of five Western Mediterranean EU Member/Accession States and the five countries of the Maghreb Union held in Tunis on 5 December 2003. It welcomes the interinstitutional agreement reached by the European Parliament and the Council on the Regulation establishing the new financial instrument relating to cooperation with third countries in the area of asylum and migration. It also welcomes the adoption by the Council of the mechanism for monitoring and evaluating third countries in the area of the fight against illegal migration and invites the Commission to present the first report on its implementation by the end of 2004 at the latest.

Judicial and Police Cooperation

24. The European Council welcomes further progress achieved by the Council in the area of police cooperation, taking into special consideration the signature of the Protocol amending the Europol Convention. On this basis, Europol will assume an increasingly important role in the action carried out by Member States in fighting organised crime and terrorism.

25. The European Council urges the Council to invite the competent authorities of the Member States to use more effectively the existing instrument of judicial and police cooperation, including joint investigation teams. It also welcomes progress in the intensification of police cooperation with several third countries of strategic importance for the EU as far as the fight against organised crime is concerned.

26. The European Council also welcomes the political agreement reached by the Council on the Commission proposal for a Council Framework Decision laying down minimum provisions on the constituent elements of criminal acts and penalties in the field of drug trafficking. The European Council welcomes the adoption of the Resolution on the importance of the role of the family in preventing drug abuse by adolescents, the Resolution on the posting of liaison officers with particular expertise in drugs to Albania, the Resolution on combating the impact of psychoactive substances use on road accidents and the Decision concerning control measures and criminal sanctions in respect of new synthetic drugs.

Interfaith Dialogue

27. The Heads of State or Government were informed of the results of the Conference on Interfaith Dialogue which took place in Rome on 30 and 31 October 2003 and took note with satisfaction of the Statement on Interfaith Dialogue and Social Cohesion adopted by Ministers of the Interior. Conscious of the importance of this issue, they encourage the relevant Ministers to support a sustained, open and transparent dialogue with the different religions and philosophical communities as an instrument of peace and social cohesion in Europe and at its borders.

28. The Heads of State or Government reaffirm the EU's firm commitment to oppose any form of extremism, intolerance and xenophobia, which undermine peaceful and democratic coexistence, and their condemnation of any type of violence and terrorism.

29. The Heads of State or Government underline its deep concern at the increase in instances of anti-semitic intolerance and strongly condemns all manifestations of anti-semitism, including attacks against religious sites and individuals.

III. Enlargement

30. The European Council welcomes the findings and recommendations of the Commission contained in its Comprehensive Monitoring Reports, the Strategy Paper and the Regular Reports presented on 5 November 2003.

New Member States

31. The Union looks forward to welcoming the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia as full members of the Union on 1 May 2004. Integrating the new Member States into the European family will fulfil the aspirations of European citizens throughout our continent.

32. The European Council invites the new Member States in the run-up to accession to intensify and complete their final preparations for membership. The European Council endorses the Council conclusions of 17 November 2003 on monitoring their state of preparedness for EU membership. In this context, it notes the Commission's determination to take, wherever necessary, all appropriate measures to safeguard the smooth functioning of all EU policies in the enlarged Union.

33. The European Council also notes with satisfaction the advanced state of the ongoing process of ratification of the Accession Treaty and looks forward to its timely completion.

Bulgaria and Romania

34. The European Council underscores the continuity and irreversibility of the ongoing enlargement process of which Bulgaria and Romania form an integral part. Over the past year, these countries have significantly brought forward their preparations for membership, which is reflected in the well-advanced state of their accession negotiations.

35. Welcoming Bulgaria and Romania in January 2007 as members of the Union, if they are ready, is the common objective of the Union of 25. Negotiations will be concluded on the same basis and principles applied to the ten acceding States. Bulgaria and Romania should continue energetically their preparations and make further progress on the ground, so that the accession negotiations can be brought to a successful conclusion in 2004 on the basis of own merits, and the Accession Treaty can be signed as soon as possible in 2005. The European Council underlines the determination of the Union to facilitate this time line. To this end, it is crucial for both countries to bring their administrative and judicial capacity up to the required level.

36. Furthermore, the European Council encourages Bulgaria and Romania to continue on the path of economic and structural reform in order to take full advantage of the benefits offered by the accession process. Close monitoring by the Union of the commitments undertaken and of the effective implementation of the *acquis* will continue to guide Bulgaria and Romania in their membership preparations.

37. Regarding the financial framework for Bulgaria and Romania, the Commission is invited to submit its proposal at the beginning of 2004, so as to enable the Council to give the necessary guidance for the Commission to present draft Common Positions on the relevant negotiating chapters in Spring 2004. In this context, the European Council takes note of the Commission's intention to base its proposal on the principles and methodology developed for the negotiations with the ten acceding States. The European Council restates its resolve that 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 those negotiations.

Turkey

38. The European Council welcomes the considerable and determined efforts by the Turkish government to accelerate the pace of reforms, many of which are significant in political and legal terms. The legislative packages so far adopted, the first important steps taken to ensure effective implementation, as well as the progress in addressing many priorities under the Copenhagen political criteria and in the revised Accession Partnership have brought Turkey closer to the Union. Turkey has also made significant progress in meeting the Copenhagen economic criteria. However, further sustained efforts are needed, in particular as regards strengthening the independence and functioning of the judiciary, the overall framework for the exercise of fundamental freedoms (association, expression and religion), the further alignment of civil-military relations with European practice, the situation in the Southeast of the country and cultural rights. Turkey also has to overcome macro-economic imbalances and structural shortcomings.

39. The European Council underlines the importance of Turkey's expression of political will to settle the Cyprus problem. In this respect a settlement of the Cyprus problem, based on the principles set out in section IV. below, would greatly facilitate Turkey's membership aspirations.

40. The European Council encourages Turkey to build on the substantial progress achieved so far in its preparations for launching accession negotiations and underlines its commitment to working towards full implementation of the pre-accession strategy with Turkey, including the revised Accession Partnership, in view of the decision to be taken by the European Council in December 2004 on the basis of the report and recommendations of the Commission.

IV. Cyprus

41. In line with its relevant conclusions, the European Council reiterates its preference for a reunited Cyprus to join the Union on 1 May 2004, in order to allow all Cypriots to enjoy a secure and

prosperous future and the benefits of EU accession. It considers that there is a good prospect of reaching a just, viable and functional settlement by 1 May 2004, consistent with the relevant UN Security Council resolutions. The European Council therefore again 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 immediate resumption of the talks on the basis of his proposals. The Union reiterates 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. Following a settlement, the Union is ready to provide financial assistance for the development of the northern part of Cyprus and the Commission would be called upon to prepare all necessary steps for lifting the suspension of the acquis, in accordance with Protocol 10 to the Act of Accession.

V. External Relations, CFSP, ESDP

A. External Relations

Western Balkans

42. The European Council takes note of the positive developments since the EU-Western Balkans Summit in Thessaloniki on 21 June 2003. The future of the Western Balkans lies within the European Union and the speed of movement ahead lies in the hands of the countries of the region. The Commission's report on the preparedness of Bosnia and Herzegovina to negotiate a Stabilisation and Association Agreement (SAA) has been presented and a similar feasibility report for Serbia and Montenegro is being prepared. The negotiations on an SAA with Albania continue. The SAAs with the former Yugoslav Republic of Macedonia and with Croatia are under ratification. The Croatian application for EU membership is currently under examination by the Commission, whose opinion is expected in Spring 2004. Concrete progress has been made in promoting regional cooperation, particularly in the areas of free trade, energy and infrastructures.

43. In certain cases, however, the pace of the reform process remains slow. The European Council therefore calls on the countries of the region to intensify their reform efforts, especially in areas which are essential for EU integration, in particular public administration, the judicial system and the fight against organised crime and corruption. It also expects all countries of the region and parties concerned to cooperate fully with the ICTY. In this respect, the European Council welcomes the Joint Conclusions of the meetings of Foreign Ministers and of Ministers responsible for Justice and Home Affairs, held on 9 December and on 28 November 2003 within the framework of the EU-Western Balkans Forum, and expects the relevant commitments to be rapidly translated into concrete actions.

44. Recalling its conclusions in Thessaloniki, the European Council reiterates its determination to fully support the European perspective of the Western Balkan countries. It welcomes progress already made in enriching the Stabilisation and Association Process with elements drawn from the enlargement experience: a draft Council regulation for individual European Partnerships during Spring 2004 is under examination; preparations for the participation of the Western Balkan countries in Community programmes and agencies are ongoing; twinning is about to be extended to the entire region; economic dialogue will start in early 2004; political dialogue and cooperation in CFSP matters have been enhanced.

Euro-Mediterranean Partnership

45. The European Council reaffirms the strategic importance of the Mediterranean for the European Union, and confirms its resolute determination to reinforce cooperation significantly with the Mediterranean partners.

46. The European Council notes with satisfaction the successful outcome of the VIth Conference of Euro-Mediterranean Foreign Ministers recently held in Naples and welcomes the results of the Euro-Mediterranean Conferences held in Palermo (trade), Venice (agriculture) and Rome (energy, infrastructures and investment).

47. In particular, the European Council emphasises the spirit of cooperation displayed by all participants at the Naples Conference and notes that following the establishment of the Euro-Mediterranean Parliamentary Assembly and the Euro-Mediterranean Foundation for the Dialogue of Cultures, and the reinforcement of the Euro-Mediterranean Facility for Euro-Mediterranean Investment and Partnership, the Barcelona Process now has more effective instruments for pursuing its objectives. The achievements of Palermo, Venice, Rome and Naples open up new avenues for cooperation between the Euro-Mediterranean partners and help to bring the civil societies in the region closer to the Barcelona Process.

48. In this context the European Council welcomes the ECOFIN Council decision to develop further the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) by reinforcing the FEMIP within the European Investment Bank. In line with the Barcelona European Council remit, the decision was taken on the basis of the performance of the FEMIP, which was evaluated positively, and consultation with Mediterranean partner countries. The European Council invites the ECOFIN Council to assess the incorporation of an EIB majority-owned subsidiary dedicated to the Mediterranean partner countries in December 2006, on the basis of an evaluation of the reinforced

Facility's performance, and taking into account the outcome of consultations with the Barcelona Process partners.

Iraq

49. The European Council reaffirms that the stability of Iraq is a shared interest and reiterates the Union's commitment to supporting the political as well as the economic reconstruction of the country, within the framework of the relevant UNSC Resolutions. It stresses that an adequate security environment and a strong and vital UN role are essential elements for success. The European Council underlines the need for full implementation of UNSC Resolution 1511.

50. The European Council repeats its wholehearted condemnation of terrorist attacks on Iraqis, multinational forces, and international organisations and staff, designed to undermine the political and economic reconstruction processes in Iraq.

51. The European Council welcomes the agreement establishing a timeline and a programme for an accelerated transfer of sovereignty to a transitional Iraqi government, and calls on all parties involved to keep the political process moving forward in an orderly and peaceful manner. It stresses the importance of ensuring the widest popular participation in the political and constitutional process.

52. The European Council recognises and encourages the efforts under way by the Iraqi Governing Council and its Ministries to assume more direct responsibilities and executive powers, particularly in the security field.

53. The European Council urges all countries in the region to contribute actively to the stability and economic reconstruction of Iraq. A free, democratic and prosperous Iraq, whose territorial integrity is preserved, will be essential for the stability of the region and beyond.

Terrorism

54. The European Council unequivocally condemns all recent terrorist attacks, including in Istanbul, which killed or injured many people of different nationalities and faiths. The Union reiterates its solidarity with Turkey and reaffirms its determination to defeat terrorism together with others in the international community and to provide a common response to this global threat.

Middle East Peace Process

55. The European Council remains firmly committed to the clear objective of two States, Israel and a viable and democratic Palestinian State, living side by side in peace and security, in the framework of a comprehensive peace in the Middle East, as laid out in the Road Map drawn up by the Quartet. The European Council welcomes the international support for the Road Map, as expressed by the unanimous adoption of UNSCR 1515. The European Council therefore calls again on both parties, Israel and the Palestinian Authority, to immediately and simultaneously fulfil their obligations and responsibilities under the Road Map. The European Council stresses the importance of establishing a credible and effective monitoring mechanism including all members of the Quartet. The European Council also welcomes initiatives from civil societies on both sides, including the Geneva Peace Initiative, and is ready to further assist in the efforts to promote rapprochement, confidence building and the search for a lasting peace.

56. The European Council stresses the importance of partnership and mutual understanding, as demonstrated at the Euromed Conference of Foreign Ministers in Naples on 2 and 3 December 2003, and it welcomes the results of the donors' meeting (Ad Hoc Liaison Committee) that took place in Rome on 10 December 2003, followed by a meeting of the Quartet Reform Task Force.

57. The European Council urges the Palestinian Authority to concretely demonstrate its determination in the fight against terrorism and extremist violence. The EU welcomes the Palestinian Government's efforts to achieve a lasting cease-fire, and the support given by the Egyptian Government in this respect. It strongly urges all Palestinian movements to effectively support this approach. It calls on the Palestinian Government under Prime Minister Qorei to reorganise all security services, and to restore effective control in areas under its responsibility. The reform of the Palestinian Authority must continue. These efforts deserve to be supported by all.

58. The EU also urges the Israeli Government to reverse its settlement policy and to dismantle settlements built after March 2001. This policy, together with the departure of the so-called security fence in the occupied West Bank and East Jerusalem from the Green Line, could prejudice future negotiations and make the two-State solution physically impossible to implement. In this context, the EU is alarmed by the creation of a closed zone between this "fence" and the Green Line. The European Council recalls the importance of open and unhindered channels of communication for all EU interlocutors.

59. The European Council urges again all sides in the region to immediately implement policies conducive to dialogue and negotiations and actively to combat any incitement to racial or religious

hatred. It reiterates that the relationship with those who take steps to the contrary will be inevitably affected by such behaviour.

60. The European Council reiterates that the fight against terrorism in all its forms remains one of the priorities of the entire international community and that it is the duty of all countries, in particular of those in the region, to actively cooperate in the fight against terrorism and to abstain from all support, direct or indirect, to terrorist organisations.

61. The European Council recalls that a comprehensive peace must also include Syria and Lebanon and the relevance of the Arab Peace Initiative adopted by the Beirut Arab League Summit of 28 March 2002.

Arab world

62. The European Council welcomes the report on relations with the Arab world formulated by the Secretary-General/High Representative and the Commission as a contribution to the development of an overall approach. It invites the GAERC, in consultation with the SG/HR and the Commission, to pursue its work on the basis of a joint report, within the implementation of the European Security Strategy and taking into account existing policies and programmes, notably the Barcelona Process and the New Neighbours Initiative. A report is envisaged at the GAERC in March 2004.

Transatlantic relations

63. The European Council adopted the Declaration set out at Annex.

64. As regards Canada, the European Council welcomes the progress made on the review of EU-Canada relations and looks forward to the next EU-Canada Summit's endorsement of a final report by Ministers. The outcome of this review will lend new depth to a close and valued relationship.

Russian Federation

65. The European Council took stock of the Union's relations with the Russian Federation and welcomes the close and effective working relationship established with Russia across a wide range of

policy areas. It reaffirms the Union's determination to build a balanced and reciprocal strategic partnership with Russia, based on the values of the rule of law, democracy, human rights and fundamental freedoms and a free market economy.

66. The European Council reiterates the principal objective of creating, in the medium-long run, four Common Spaces on the basis of the St. Petersburg Declaration. In this sense the Rome Summit held on 6 November 2003 marked an important step forward with the adoption of the Common Economic Space concept and with fundamental decisions that lay the ground for the creation of the three other Spaces.

67. The European Council therefore invites the Council and the Commission to draw up, in good time before the next EU-Russia Summit, an assessment report on all aspects of the Union's relationship with Russia and to propose measures aimed at strengthening the strategic partnership and respect of the values on which it is based. In this context, and emphasising the opportunities offered to Russia by the impending enlargement of the European Union, the European Council stresses that the Partnership and Cooperation Agreement, which has to be extended to the new EU Member States by 1 May 2004, will remain the cornerstone of its relations with Russia.

68. The European Council welcomes progress made in cooperation within the framework of ESDP, as evidenced by the Russian participation in the joint EU-NATO crisis management exercise CME/CMX 03. Practical cooperation in specific situations will be brought forward as appropriate. In this regard, it highlights the opportunities for the EU and Russia to jointly promote stability, democracy and prosperity in their common neighbourhood.

69. The European Council welcomes the recent agreement to expand EIB activities in Russia and the WNIS and invites the Council to assess Russia's inclusion in the general mandate in December 2006.

Ukraine

70. The European Council took note of the report on the implementation of the Common Strategy on Ukraine and agreed to extend the period of its application by one year.

China

71. The European Council invites the General Affairs and External Relations Council to re-examine the question of the embargo on the sale of arms to China.

Latin America and the Caribbean

72. The European Council welcomes with satisfaction the impetus recently given to negotiations for a EU-Mercosur Association Agreement and calls for this to be finalised as soon as possible.

73. The Council furthermore expresses satisfaction at the conclusion of negotiations for the two Agreements on Political Dialogue and Cooperation with the Andean Community and Central American Countries which will be signed in Rome on 15 December 2003.

74. Both these developments and the recently started political dialogue between the EU and the Organisation of American States are a concrete sign of the attention the EU continues to pay to Latin and Caribbean America and of its will to strengthen bi-regional relations.

Africa

75. The European Council reaffirms the importance of the partnership with Africa and welcomes the strengthening of the EU-Africa dialogue as indicated by the positive and constructive outcome of the EU-Africa Ministerial Troika in Rome on 10 November 2003.

76. The European Council welcomes the developing partnership between the EU, the UN, the African Union and sub-regional African organisations in the field of conflict prevention, conflict management and development, in particular through NEPAD.

77. In this context the European Council recognises the importance of restoring peace and security in Africa as a pre-requisite for development and welcomes the establishment of a Peace Facility for the financing of African peace-supporting operations, which will provide a significant boost to Africans' own ability to bring peace to their continent.

78. The European Council reiterates that the European Union remains committed to supporting the peace processes in the continent such as in the Great Lakes, Liberia, Côte d'Ivoire, Sudan, Somalia,

Ethiopia-Eritrea. It stresses the need to make use in a coherent and coordinated manner of all the instruments available to the EU, inter alia as regards reconstruction, development and ESDP. It welcomes the growing role played by the African Union and the African sub-regional organisations (ECOWAS, IGAD, SADC) in this regard as well as in the field of regional integration and development.

Democratic People's Republic of Korea

79. The European Council remains gravely concerned at the DPRK's nuclear programme, which poses a serious threat to regional and global security. It urges the DPRK to return to full compliance with the NPT and completely, verifiably and irreversibly dismantle its nuclear programme.

80. The recent visit to the DPRK by a European Union Troika delegation demonstrates the commitment of the Union to actively contribute to a peaceful solution to the current tense situation. The European Council strongly supports the continuation of the six-party talks with the aim of finding such a solution. The European Union will continue to follow developments in the Peninsula closely and review the EU's policy towards the DPRK as appropriate. The European Council reiterated that enhancing the EU's cooperation with the DPRK will only be possible when the DPRK fully complies with its international non-proliferation obligations. In this context, the EU recalls its unequivocal commitment to maintaining the authority and the integrity of the NPT.

Green Diplomacy

81. The European Council welcomes the definition of the scope of activity and the modus operandi of the "Green Diplomacy Network" as contained in the conclusions of the ad hoc meeting in Rome following the conclusions of the Thessaloniki European Council and looks forward to the full implementation of its tasks. To this end the European Council invites the incoming Presidency to carry on the work done by the Greek and Italian Presidencies.

Olympic Truce

82. The European Council supports the idea of an Olympic Truce and welcomes the relevant resolution agreed unanimously by the United Nations General Assembly.

B. CFSP/ESDP

Security Strategy

83. The European Council adopted the European security strategy and warmly congratulated SG/HR Javier Solana for the work accomplished.

84. The European security strategy reaffirms our common determination to face our responsibility for guaranteeing a secure Europe in a better world. It will enable the European Union to better deal with the threats and global challenges and realise the opportunities facing us. An active, capable and more coherent European Union would make an impact on a global scale. In doing so, it would contribute to an effective multilateral system leading to a fairer, safer and more united world.

85. In order to draw all the consequences of those strategic orientations and to mainstream them into all relevant European policies, the European Council asked the incoming Presidency and the SG/HR, in coordination with the Commission, to present, as appropriate, concrete proposals for the implementation of the European security strategy. Initial work would include effective multilateralism with the UN at its core, the fight against terrorism, a strategy towards the region of the Middle East and a comprehensive policy towards Bosnia- Herzegovina.

86. In this context, the European Council adopted the EU strategy against the proliferation of weapons of mass destruction, which is a crucial element of the security strategy.

ESDP

87. The European Council also endorsed the regular report on ESDP as well as the work programme for the incoming Presidency. It welcomed the progress achieved in the development of military and civilian capabilities for crisis management. It expressed satisfaction at the positive conduct of ESDP operations undertaken so far.

88. The European Council confirmed the EU's readiness for an ESDP-mission in Bosnia-Herzegovina, including a military component based on the agreed Berlin Plus arrangements. The European Council welcomed NATO's readiness to start consultations with the EU. It invited the incoming Presidency and the SG/HR to take the matter forward in accordance with agreed procedures.

89. The European Council welcomed the Presidency's document entitled "European defence: NATO/EU consultation, planning and operations". The Secretary-General/High Representative is invited to propose the necessary measures for:

- improvement of the preparation of European Union operations having recourse to Nato assets and capabilities, in accordance with the guidelines contained in the reference document;
- establishment of a cell with civil/military components to meet the objectives and comply with the principles set out in that document.

These measures should enter into force as early as possible in 2004.

EU-UN Relations

90. The European Council reaffirms the deeply rooted commitment of the European Union to making effective multilateralism a central element of its external action, with at its heart a strong UN. The European Council therefore welcomes the comprehensive Commission communication on "The European Union and the United Nations: the Choice of Multilateralism" which comes at a dynamic juncture in EU-UN relations.

91. In this context, the European Council also recalls the EU-UN Joint Declaration of 24 September 2003 on cooperation in crisis management, which constitutes the basis for enhanced cooperation in this area.

92. The European Council welcomes the conclusions of the GAERC on 8 December on EU-UN relations and stresses the need for these conclusions, as well as the Joint Declaration on crisis management to be translated into operative action.

VI. Other Decisions

Multiannual Strategic Programme

93. The European Council adopted the first Council Multiannual Strategic Programme, covering the period 2004-2006. This programme, while providing a strong framework and timelines for implementing commonly agreed priorities and specific objectives, must remain responsive to evolving circumstances both within and without the Union. Accordingly, the European Council will agree adjustments to the programme at its future meetings in December should major developments call for such action.

Residence Palace

94. The European Council takes note of the proposal of the Belgian Government that it should use block A of the Residence Palace building, after it has been refurbished, for its meetings. The European Council is grateful to the Belgian Government for this initiative and invites Coreper and the General Secretariat of the Council to set out the detailed financial, logistic and legal implications so that the Council can make a fully-informed decision on this matter at its Spring meeting in 2004.

Annex — European Council Declaration on Transatlantic Relations

1. The transatlantic relationship is irreplaceable. The EU remains fully committed to a constructive, balanced and forward-looking partnership with our transatlantic partners.

2. Shared values and common interests form the basis of our partnership with the US and Canada. This partnership is also rooted in our growing political and economic interdependence. Acting together, the EU and its transatlantic partners can be a formidable force for good in the world.

3. The EU and its transatlantic partners are in a better position to tackle the challenges that confront them on the basis of a common threat assessment. The ESS provides a convincing analysis both of familiar threats and of emerging threats such as massive terrorism, proliferation of weapons of mass destruction, failed States and organised crime. Europe and its transatlantic partners stand united against these threats and are working to develop joint strategies to combat them.

4. The EU and its transatlantic partners should defend a common agenda based on the promotion of the rule of law, democracy and human rights, poverty reduction, health and environmental protection. The EU calls for an international order based on effective multilateralism. In this regard the European Council welcomes the sentiment expressed on this point by President Bush in his recent London speech.

5. Beyond combating immediate threats to security, the underlying factors behind such threats need to be addressed. We must further develop effective and sustainable policies and act together. Only by utilising the whole spectrum of means available – political, economic, civilian and military crisis-management instruments – will we be able to tackle effectively the wide range of challenges we face.

6. Strong transatlantic cooperation is crucial for fostering economic growth and sustainable development. Particularly important in this respect is our common commitment to successfully conclude the Doha Development Agenda, to further enhance our bilateral cooperation notably on regulatory matters, and to work towards the full integration of all countries into the world economy.

7. In order for the transatlantic partnership to yield its full potential, the EU-US relationship must be effective. The EU reaffirms its determination to build up further its capabilities and to increase its coherence. The EU-NATO relationship is an important expression of the transatlantic partnership. The operational capability of the EU, a key objective of the overall development of ESDP, is enhanced by the permanent arrangements, in particular Berlin Plus, which provide the framework for the strategic partnership between the two organisations in crisis management.

8. It is vital to maintain a permanent dialogue as strategic partners. The EU attaches the utmost importance to the dialogue on crisis prevention and management, which is proving so effective in the Balkans. Europe and its transatlantic partners will continue to work together in the same spirit towards the restoration of peace and stability in other areas struck by conflicts. In this context, the EU welcomes the positive results of the meeting held with Secretary of State Powell in Brussels on 18 November.

9. Transatlantic relations go beyond governments. The links between business communities and societies are the bedrock of those relations. The EU will encourage all forms of dialogue between legislative bodies and civil societies of the two sides of the Atlantic.

10. Working together bilaterally and within the framework of multilateral institutions, the transatlantic partners will combine the vision and capabilities needed to address the challenges of our time. Now more than ever, the transatlantic link is essential if we want to create a better world.