

PRESIDENCY CONCLUSIONS

SANTA MARIA DA FEIRA EUROPEAN COUNCIL

19 AND 20 JUNE 2000

1. The European Council met in Santa Maria da Feira on 19 and 20 June. At the start of proceedings, the European Council and the President of the European Parliament, Mrs Nicole Fontaine, exchanged views on the main items under discussion.

I. PREPARING THE FUTURE

2. Against the backdrop of renewed public debate about and interest in the future of the European Union, the European Council has taken a number of important steps aimed at addressing the challenges confronting it in the immediate future.

A. Intergovernmental Conference on institutional reform

3. The European Council notes and welcomes the Presidency report on the Intergovernmental Conference. The Presidency's report demonstrates the significant headway which has been achieved by the Conference in considering Treaty changes which will ensure that the Union continues to have properly functioning, efficient and legitimate institutions after enlargement. The European Council considers in particular that the provisions on closer cooperation introduced into the Treaty of Amsterdam should form part of the Conference's future work, while respecting the need for coherence and solidarity in an enlarged Union. The Conference can move forward on a sound footing so that an overall agreement can be reached in December in line with the timetable laid down by the Cologne and Helsinki European Councils.

B. Charter of Fundamental Rights

4. The European Council extended its heartfelt sympathy to Mr Roman Herzog and expressed its appreciation for his invaluable personal contribution to the Convention's work. Mr Ignacio Mendez de Vigo, Vice-Chair of the Convention entrusted with drawing up a draft Charter of fundamental rights of the European Union, briefed the European Council on work in hand.

5. The Convention is urged to continue its work in accordance with the timetable laid down in the mandate from the Cologne European Council so that a draft document is presented in advance of the European Council in October 2000.

C. Common European Security and Defence Policy

6. The European Council reaffirms its commitment to building a Common European Security and Defence Policy capable of reinforcing the Union's external action through the development of a military crisis management capability as well as a civilian one, in full respect of the principles of the United Nations Charter.

7. The European Council welcomes the Presidency report endorsed by the Council on "Strengthening the Common European Security and Defence Policy" and associated documents (*see Annex I*). Satisfactory progress has been made in fulfilment of the Helsinki mandate on both the military and the civilian aspects of crisis management. In this context, the European Council notes the progressive development of the interim Political and Security Committee and the interim military body established at Helsinki.

8.

Improving European military capabilities remains central to the credibility and effectiveness of the Common European Security and Defence Policy. The European Council is determined to meet the Headline Goal targets in 2003 as agreed in Helsinki. In this context, it looks forward to the Capabilities Commitment Conference later this year, where Member States will make initial national commitments, and to the creation of a review mechanism for measuring progress towards the achievement of those targets. The necessary transparency and dialogue between the Union and NATO will be ensured and NATO expertise will be sought on capability goal requirements.

9. Principles and modalities for arrangements have been identified to allow non-EU European NATO members and other EU accession candidates to contribute to EU military crisis management. Principles for consultation with NATO on military issues and modalities for developing EU-NATO relations have also been identified in four areas covering security issues, capability goals, the modalities for EU access to NATO assets, and the definition of permanent consultation arrangements.

10. Contributions are invited from all partner third states to the improvement of European capabilities. The European Council welcomes the offers made by Turkey, Norway, Poland and the Czech Republic, which will expand the range of capabilities available for EU-led operations.

11. The European Council welcomes the setting-up and first meeting of the committee for civilian aspects of crisis management, as well as the identification of priority areas for targets in civilian aspects of crisis management and of specific targets for civilian police capabilities. In this respect Member States, cooperating voluntarily, have undertaken that by 2003 they will be able to provide up to 5 000 police officers for international missions across the range of conflict prevention and crisis management operations. Member States have also undertaken to be able to identify and deploy up to 1 000 police officers within 30 days. The European Council also welcomes the willingness of the Commission to contribute to civilian crisis management within its spheres of action.

12. The European Council underlines the Union's determination in its approach to conflict prevention and crisis management to assume fully its Petersberg task responsibilities as referred to in Helsinki. It invites the incoming Presidency together with the Secretary General/High Representative to carry work forward within the General Affairs Council, in accordance with the mandates referred to in the Presidency report, and to submit an overall Presidency report to the European Council in Nice. The permanent political and military structures should be put in place as soon as possible after Nice.

D. Enlargement

13. The European Council reaffirms the priority for the Union of the enlargement process and notes with satisfaction the substantive progress in the negotiations since the Helsinki European Council (*see Annex II*). In particular, it welcomes the launching of accession negotiations with Malta, Romania, Slovakia, Latvia, Lithuania and Bulgaria, and the first concrete results already achieved. The European Council considers that it should be feasible to open negotiations in all areas of the *acquis* with the most advanced of these candidates as early as possible in 2001.

14.

The European Council furthermore welcomes the fact that all areas of the *acquis*, except "Institutions", have now been opened for negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia. It also notes that considerable progress has been made in several areas already under negotiation.

15. The European Council reiterates the commitment of the Union to maintain the momentum of the accession process. All candidates will continue to be judged on the basis of own merits. In line with the principle of differentiation, it is possible for candidates to catch up with those which started their negotiations earlier.

16. The European Council recalls that, in addition to finding solutions to the negotiating issues, progress in the negotiations depends on the incorporation by the candidate States of the *acquis* in their national legislation and especially on their capacity to effectively implement and enforce it. While progress has already been made, this calls for important efforts by the candidates to continue their domestic reforms, in particular strengthening their administrative and judicial structures. The Union will closely monitor the performance of the candidates. To this end, the Commission is invited to report to the Council on its findings. The European Council at Nice will review progress on enlargement and consider how to take forward the accession process.

17. With respect to Turkey, the European Council notes this candidate's initiatives to meet the accession criteria. In accordance with the Helsinki conclusions, the European Council looks forward to concrete progress, in particular on human rights, the rule of law and the judiciary. The Commission should report to the Council on progress in preparing the process of analytical examination of the *acquis* with Turkey. The Commission is also invited, in the light of the above, to present as soon as possible proposals for the single financial framework for assistance to Turkey as well as for the Accession Partnership.

18. The European Council stresses the importance of securing continuing support for enlargement and, to that effect, the need to provide appropriate information for the general public in Member States and candidate countries alike.

II. EMPLOYMENT, ECONOMIC REFORMS AND SOCIAL COHESION – FOLLOW-UP TO THE LISBON EUROPEAN COUNCIL

19. The Lisbon strategy, which is now fully underway, underpins all Community action for jobs, innovation, economic reform and social cohesion. Substantial results are already being delivered in all areas covered by the strategy.

20. The High Level Forum bringing together the social partners, the Union's institutions, the European Central Bank and the European Investment Bank met in Brussels on 15 June. It confirmed that there was a high degree of consensus on the Lisbon strategy, identified the possible contributions of the various actors, each within its own sphere of action, and demonstrated the importance of broad political debate, social concertation and social dialogue. More particularly, the European Council welcomes the Joint Declaration presented by the social partners, which sets out constructive positions on temporary work, telework, lifelong learning and provisions for joint monitoring of industrial change.

21.

Momentum in implementing the strategy must be sustained by fixing the next priority steps outlined below.

A. Preparing the transition to a competitive, dynamic and knowledge-based economy

eEurope Action Plan

22. The European Council endorses the comprehensive eEurope 2002 Action Plan and requests the institutions, the Member States and all other actors to ensure its full and timely implementation by 2002 and to prepare longer term perspectives for a knowledge-based economy encouraging info-inclusion and closing the numeracy gap. As a short term priority, the necessary steps should be taken to bring down the cost of accessing the Internet through the unbundling of the local loop. A report should be presented by the Commission to the European Council in Nice, and on a regular basis thereafter, on progress in achieving the Action Plan's objectives. The European Council recalls the strategic importance of the Galileo project and of taking a decision on this matter by the end of 2000.

The creation of a European Research Area

23. The European Council welcomes the Resolution by the Council (Research) and the commitment rapidly to develop a "European Research Area" in particular by drawing up criteria for benchmarking research policies; defining stages and deadlines for mapping scientific and technological excellence in Europe by 2001; undertaking to network national and European research programmes; and taking initiatives to interconnect at very high speed national electronic networks for research. Following the conclusions of the last US-EU Summit, the Commission is invited to pursue actively the dialogue with the US authorities to establish a broadband, permanent and equitable transatlantic link between European and US research and education centres.

The European Charter for Small Enterprises and the new framework for enterprise policy

24. The European Council welcomes the recently adopted European Charter for Small Enterprises (*see Annex III*), and underlines the importance of small firms and entrepreneurs for growth, competitiveness and employment in the Union. It requests its full implementation as part of the comprehensive framework for enterprise policy under preparation. This comprehensive framework is advancing on the basis of the Commission's proposed Work Programme for Enterprise Policy 2000-2005, the proposals for benchmarking enterprise policy as well as the proposed Multiannual Programme for Enterprise and Entrepreneurship 2001-2005. First results of these exercises must be achieved by the end of 2000.

Completing the Internal Market

25. The European Council endorses the general orientation contained in the Commission's Communication on the Review of the Internal Market Strategy as a useful basis for planning work. A coherent framework is needed to develop the internal market by aligning future reviews of the Commission's Strategy with the Cardiff economic reform process so that the Spring European Councils can fully assess progress.

26.

Significant steps towards completing the internal market have already been taken. Thus

- the Directive on electronic commerce has been adopted, and agreement reached on harmonising certain aspects of copyright and related rights;
- under the Financial Services Action Plan, political agreement has been achieved on common positions on take-over bids and on the winding-up and reorganisation of credit institutions and insurance undertakings; furthermore, the e-money Directive has just been adopted;
- the Commission has presented proposals for new rules for public procurement and for the next stage of postal liberalisation; it will shortly present further proposals for reform of the telecoms sector and for a Community patent and the utility model.

27. Work now needs to be carried forward on other aspects. The Commission is accordingly:

- invited to present a report by March 2001 on the evolution of energy markets according to the Lisbon strategy;
- called on to continue the work of the High Level Group on a single European sky in order to present a final report in the first half of 2001 with a view to bringing forward appropriate proposals.

28. The European Council emphasised that the concerns and significance of public services of general interest must be taken into account in a dynamic single market. In this connection, it reiterated its request to the Commission to update its 1996 communication on public services of general interest. It expects that the updated communication will be submitted by its next meeting in Biarritz at the latest.

29. The Council and the European Parliament are invited to speed up work on the money laundering Directive and the UCITS Directive. The Commission is urged to present proposals for a single licence for issuers (prospectus Directive), a new accounting strategy to enhance the comparability of listed companies' financial statements and measures to promote consumer confidence in the field of financial services, including distance marketing and e-commerce.

30. The European Council welcomes the rapid implementation of the "Innovation 2000 Initiative" by the European Investment Bank and its contribution to developing a knowledge-based economy and social cohesion. It calls on the Bank to pursue its efforts in

cooperation with national and regional authorities, the financial community and the Commission.

31. The European Council stresses the role of public administrations, administrative action and better regulation in enhancing the competitiveness of the Union and of the Member States, thus contributing to economic growth and employment opportunities. The European Council encourages Member States to review the quality and performance of public administration with a view to the definition of a European system of benchmarking and best practices.

B. Modernising the European social model by investing in people and building an active welfare state

Education and training for living and working in the knowledge society

32. The European Council welcomes the Commission's communication on e-learning and endorses the Council guidelines on future challenges and objectives of education systems in the learning society. These provide a framework for preparing the broader report on education to be presented in the European Council in Spring 2001, as well as a method for improving the contribution of education policies to the Luxembourg process.

33. Lifelong learning is an essential policy for the development of citizenship, social cohesion and employment. The Member States, the Council and the Commission are invited, within their areas of competence, to identify coherent strategies and practical measures with a view to fostering lifelong learning for all, to promote the involvement of social partners, to harness the full potential of public and private financing, and to make higher education more accessible to more people as part of a lifelong learning strategy.

Developing the active employment policy

34. The Union is enjoying substantially improved employment prospects. Efforts to further strengthen the European Employment Strategy through the mid-term review of the Luxembourg process should underpin the revision of the Employment Guidelines for 2001. In this context, the social partners are invited to play a more prominent role in defining, implementing and evaluating the employment guidelines which depend on them, focusing particularly on modernising work organisation, lifelong learning and increasing the employment rate, particularly for women.

Modernising social protection, promoting social inclusion

35. A number of priorities have already been identified in this area:

- as regards the future evolution of social protection, particular attention should be given to the sustainability of pension schemes through defining two action lines aimed at improved forecasting of future trends and at obtaining in-depth knowledge of recent, actual or expected national pension reform strategies;
- on promoting social inclusion, a framework with appropriate objectives should be defined to evaluate the impact of social policies applied in Member States and indicators should be defined as common references in the fight against social exclusion and the eradication of poverty.

36.

Development and systematic monitoring of work on these matters at Community level will be improved by the recent setting up of the Social Protection Committee, regular debate on those issues and by encouraging cooperation between Member States through an open method of coordination combining national action plans with a Community programme to combat social exclusion. On this latter point, the Council is invited to adopt rapidly the Commission's recent proposal for this programme. Appropriate association of the social partners with the ongoing work should also be developed. The conclusions of the Lisbon European Council made a special appeal to companies' corporate sense of social responsibility. The European Council notes with satisfaction the ongoing follow-up to this and welcomes the initiation of the process to establish a network for a European dialogue on encouraging companies' corporate sense of social responsibility. The European Council notes with satisfaction the recent political agreement reached in the Council on a Directive establishing a legal framework for combating discrimination on the grounds of racial or ethnic origin.

The European Social Agenda

37. The draft European Social Agenda proposed by the Commission will provide a multiannual framework for action in social matters. The Council is invited to examine the Agenda as a matter of urgency to enable it to be endorsed by the Nice European Council.

C. Improving working methods

38. Implementation, monitoring of progress and follow-up of the Lisbon strategy will take place within the existing institutional framework and will be consolidated by:

- improving coordination between the various Council formations and ensuring close cooperation between the Council Presidency and the Commission, under the overall guidance of the European Council, in line with the recommendations approved at the Helsinki European Council;
- developing and improving from a methodological point of view the open method of coordination, where appropriate within

the framework of the Council, as one of the possible instruments in policy fields such as the information society, research, innovation, enterprise policy, economic reforms, education, employment and social inclusion;

– the Commission presenting a report by the end of September on the proposed approach for indicators and benchmarks, both in specific policies and to be used in the synthesis report to the Spring European Council, to ensure the necessary coherence and standard presentation.

D. The Spring European Council

39. The European Council looks forward to holding its first regular Spring session on economic and social strategy and policies in Stockholm early in 2001 based on the annual synthesis report to be presented by the Commission and taking into account the contributions of the various Council formations. The social partners should also have the opportunity to address these issues before the European Council meeting.

III. ECONOMIC, FINANCIAL AND MONETARY AFFAIRS

A. Broad Economic Policy Guidelines

40. The European Council welcomes the 2000 Broad Economic Policy Guidelines for the Community and the Member States. As reiterated at the Lisbon European Council, they are designed to maintain growth and stability-oriented macroeconomic policies, increase the growth potential of the Union, improve the quality and sustainability of public finances and move forward with far-reaching and comprehensive reforms of product, capital and labour markets. They build on the Lisbon strategy, thereby contributing to meeting, over time, the challenges of restoring full employment, promoting the transition to a knowledge-based economy, preparing for the consequences of ageing populations and improving social cohesion. They also improve the synergies between the Cologne, Cardiff and Luxembourg processes.

41. The European Council invites the ECOFIN Council to implement its conclusions on practical steps forward to enhance the coordinating role of the Broad Economic Policy Guidelines in close cooperation with the other relevant Council formations and by addressing the link between structural and macroeconomic policies. Macroeconomic dialogue should also be improved.

B. Tax package

42. The European Council endorses the report on the tax package by the ECOFIN Council (*see Annex IV*), the statements included for the Council minutes and the agreement on its principles and guidelines. It endorses the timetable set out, which foresees a step-by-step development towards realisation of the exchange of information as the basis for the taxation of savings income of non-residents. The European Council requests the ECOFIN Council to pursue with determination work on all parts of the tax package so as to achieve full agreement on the adoption of the Directives and the implementation of the tax package as a whole as soon as possible and no later than by the end of 2002.

C. Greece's entry into the euro

43. The European Council congratulates Greece on the convergence achieved over recent years, based on sound economic and financial policies, and welcomes the decision that Greece will join the euro area on 1 January 2001, which constitutes an additional positive step in the monetary integration of the Union.

IV. EUROPE AND THE CITIZEN

A. Public health and food safety

44. The European Council reaffirms the need to ensure a high level of protection of human health in the definition and implementation of all Union policies.

45. The European Council notes the Presidency's report on the discussions on the Commission White Paper on food safety. Food safety policy must apply to the entire animal and human food chain and be supported by an independent European Food Authority to complement preventive surveillance by the national authorities. The Council will examine forthwith the Commission proposals to implement the White Paper, so that food legislation meeting the most stringent public health criteria is in place by 2002, building on the results already achieved in the Member States. The first of these proposals, dealing with the establishment of a European Food Authority, is expected by September 2000 at the latest. In the meantime, the European Council invites the Commission to present proposals for harmonising maximum values for contaminants. The European Council also notes the Presidency's report on the progress achieved with regard to the Commission communication on the precautionary principle with a view to discussion at the Nice European Council.

B. Environment and sustainable development

46. The European Council welcomes the agreement reached at Montreal and the signature in Nairobi of the Bio-safety Protocol. It underlines the importance of the initiative of the Community to promote sustainability at local level and to apply the Agenda 21,

adopted at the UN Earth Summit in Rio in 1992, which sets up a framework for cooperation between the Commission and networks of cities organised at European level.

47. The European Council stresses the importance of relaunching the debate on urban environment and asks the Commission to consider this issue in the proposals to be introduced in the framework of the Sixth Environmental Action Programme to be presented by the end of 2000.

48. Following its conclusions at Helsinki, the European Council will undertake a comprehensive review of the process of integrating environment protection requirements and sustainable development into priority sectoral policies at its meeting in June 2001. It also intends to adopt at the same meeting a strategy for sustainable development on the basis of a Commission proposal.

C. Maritime safety

49. The European Council welcomes the Commission's intention to present a report on its proposed overall strategy on maritime safety to the Biarritz European Council in order to reach a decision by the end of the year.

D.

Sport

50. The European Council requests the Commission and the Council to take account of the specific characteristics of sport in Europe and its social function in managing common policies.

E. Freedom, Security and Justice

51. The European Council reaffirms its commitment to forging an area of freedom, security and justice as defined at its Tampere meeting. Accordingly, it:

- endorses the EU Action Plan on Drugs as a crucial instrument for transposing the EU Drugs Strategy 2000–2004 into concrete actions which provide an effective integrated and multidisciplinary response to the drug problem. Member States, in cooperation with the European Monitoring Centre for Drugs and Drug Addiction, are urged to enhance their efforts to provide reliable and comparable information on the key epidemiological indicators in order to better evaluate the impact of drug-related issues;
- approves the report on the European Union's external priorities in the field of justice and home affairs which must be incorporated in the Union's overall external strategy as a contribution towards the establishment of the area of freedom, security and justice. It requests that the report which will be submitted to it in December 2001, in accordance with the Tampere conclusions, contain a chapter on the implementation of this external dimension;
- expresses its abhorrence of the tragic incidents of terrorism in Europe, extends its profound sympathy to the families of the victims and most firmly reiterates its commitment to continue the fight against terrorism at national and European levels. To this end, the European Council expresses its determination to take full advantage of the possibilities offered by the Treaties in order to enhance and intensify, in a spirit of solidarity, the cooperation among Member States in this field.

52. The European Council expressed its shock at the tragic deaths of 58 foreign nationals arriving in the United Kingdom. It condemned the criminal acts of those who profit from such traffic in human beings and committed the European Union to intensified cooperation to defeat such cross-border crime, which has caused so many other deaths across Europe. It called on the incoming French Presidency and the Commission to take forward urgently the Tampere conclusions in this area, in particular close cooperation between Member States and Europol in detecting and dismantling the criminal networks involved in this trafficking and by adopting severe sanctions against those involved in this serious and despicable crime.

F.

The outermost regions

53. The European Council took note of the Commission's work programme for carrying out the measures to implement Article 299(2) of the Treaty on the outermost regions. It calls upon the Commission to study the information provided or to be provided by the Member States with a view to taking the measures falling within its sphere of competence, and to submit the appropriate proposals, which must be adopted at the earliest opportunity, to the Council as quickly as possible. The European Council will examine progress achieved at its meeting in Nice in December 2000.

G. Statute for Members of the European Parliament

54. The European Council welcomes the results recently obtained on the establishment of a Statute for Members of the European Parliament which consolidates their role and lends greater transparency to the exercise of their functions. The European Council calls on the incoming Presidency to continue the work on this matter on the basis of the progress made with a view to reaching a final result as rapidly as possible.

V. EXTERNAL RELATIONS

A. Russia

55. A strong and healthy partnership must be maintained between the Union and Russia and must be based on common values, notably respect for human rights and fundamental freedoms. Welcoming the positive outcome of the EU-Russia summit of 29 May 2000, the European Council offers its support to the efforts being made by President Putin and the new Russian government to modernise and reform their country. Democratic institutions, the rule of law, a market-oriented economy with an effective regulatory framework and tax structures and accession to the WTO are the best means of building and sustaining the investor confidence necessary for the successful development of the Russian economy. In this context, the proposals made by Member States and the Commission are welcome. Independent media must be given a chance to play an important role in an open and democratic society.

56. The Union stands ready to assist Russia in meeting these aspirations, objectives and commitments, and to develop cooperation with it on the basis of its Common Strategy and the Partnership and Cooperation Agreement. To this end, the European Council invites the Council and the Commission to review the situation in July and to take the necessary decisions about TACIS and other instruments. The European Council noted with satisfaction the cooperation achieved with Russia on international issues, notably as regards the Western Balkans.

57.

The European Council recalls that the Union's commitment to build a strong partnership with Russia implies the holding of an open dialogue based on trust. In this respect the European Council calls on Russia to meet its commitments and obligations concerning the continuing conflict in Chechnya. These include avoiding the excessive use of force and any spill-over of the conflict, pursuit of a political process including elected Chechen representatives, effective independent investigation into human rights abuses, cooperation with the Council of Europe, support for the OSCE Assistance Group in implementing its full mandate and assuring the safe delivery of humanitarian aid. Only a political solution can put an end to this crisis.

B. Common strategy on the Mediterranean

58. The European Council has decided on a Common Strategy of the European Union on the Mediterranean region (*see Annex V*). The Common Strategy will guide the policies and activities of the Union in developing the Euro-Mediterranean Partnership established by the Barcelona Declaration and its subsequent *acquis*, both in bilateral and regional components, as well as the consolidation of peace, stability and security in the Middle East following a comprehensive peace settlement. It thus expresses the Union's determination to actively pursue a coherent policy towards this region. The Union will continue supporting the efforts of the parties to conclude and implement peace agreements in the Middle East.

C. Middle East Peace Process

59. The European Council considers that a real opportunity exists to attain a just, lasting and comprehensive peace in the Middle East, based on the principles established within the framework of Madrid, Oslo and subsequent agreements and in accordance with relevant UN Resolutions.

60. The European Council appeals to Prime Minister Barak and to President Arafat to intensify their efforts with a view to concluding, within the agreed time-frame, a comprehensive agreement addressing all Permanent Status issues, thus bringing the conflict to an end and paving the way to reconciliation.

61. In this endeavour the personal engagement of the leaders of Israel and of the Palestinian Authority and their continued mutual confidence have the utmost importance. The European Council therefore stresses the need for full implementation of agreements entered into, such as the third further redeployment, and recalls the Council Declaration of 22 May.

62. The European Council also recalls its declaration of 25 March 1999 in Berlin. It is particularly important in the discussion of Permanent Status issues now taking place that the viability of any resulting Palestinian State is fully taken into account.

63. At Helsinki the European Council welcomed the courageous decision of the late President Hafez al-Assad and Prime Minister Ehud Barak to resume Israeli-Syrian negotiations. The European Council urges the new Syrian leadership and the Israeli Government to pursue the strategic choice of peace.

64.

The European Council welcomes the recent Israeli withdrawal from Lebanon in accordance with Resolution 425 and the fact that it has satisfied the conditions laid down by the UN Secretary-General in his report of 22 May 2000. It appeals to all parties involved to cooperate with the UN and UNIFIL and to refrain from acts and declarations that might imperil their endeavours.

65. The European Council invites the Council to examine, on the basis of proposals from the Secretary-General/High Representative, assisted by the Special Envoy, and the Commission, how the European Union can assist and contribute to Lebanon's efforts towards reconciliation and rehabilitation.

D. Western Balkans

66. The European Council welcomes the report by the Secretary General/High Representative, under the authority of the Presidency and the Council, and in full association with the Commission, on the Western Balkans and strongly supports them in their efforts to ensure the impact, coherence and visibility of the Union's policies in the Western Balkans. It invites them actively to pursue the initiatives and implement the priorities identified in their report.

67. The European Council confirms that its objective remains the fullest possible integration of the countries of the region into the political and economic mainstream of Europe through the Stabilisation and Association process, political dialogue, liberalisation of trade and cooperation in Justice and Home Affairs. All the countries concerned are potential candidates for EU membership. The Union will support the Stabilisation and Association process through technical and economic assistance. The Commission has already presented proposals to the Council to streamline and accelerate the procedures for disbursement of assistance and the early extension of asymmetrical industrial and agricultural trade benefits to the Balkan States.

68. The European Council encourages the States of the region to increase their regional cooperation, including through regional trade arrangements. The EU is ready to intensify its cooperation with them, including in economic and financial assistance, political dialogue, free trade, approximation of EU legislation and cooperation in other policy areas.

69. The European Council invites the Secretary General/High Representative, under the authority of the Presidency and the Council, and in full association with the Commission, to pursue action on the basis of the Lisbon mandate, in particular intensified cooperation in the region in Justice and Home Affairs as well as in other areas.

70. The European Council reiterates its support for democratic and economic reform in Croatia and looks forward to the early start of negotiations on a Stabilisation and Association Agreement. It welcomes the progress made by FYROM in negotiations for a SAA and underlines the importance it attaches to the inviolability of frontiers, in particular to the territorial integrity of FYROM. The European Council urges the Albanian government to continue its efforts to respond to the issues raised in the Commission's feasibility study and notes the "roadmap" for Bosnia and Herzegovina outlining where further progress is needed in order to achieve the full benefits of Stabilisation and Association.

71.

A democratic, cooperative FRY living in peace with its neighbours will be a welcome member of the European family of democratic nations. The European Council supports the civil society initiatives as well as the democratic forces in Serbia in their struggle to achieve this goal and urges them to stay united and reinforce their cooperation. The Union looks forward to the time when the FRY will be able to participate fully in the Stabilisation and Association process.

72. In the face of massive economic and political pressure exerted by Belgrade, the EU will continue to support Montenegro's efforts towards democratic and economic reform and applauds the Montenegrin government policies of ethnic tolerance and regional cooperation.

73. One year after the adoption of Security Council Resolution 1244, the European Council reiterates its support for its full implementation and for free and fair municipal elections in Kosovo later this year carefully prepared and properly monitored by the competent international bodies. Extremist violence will not be tolerated. Local leaders are strongly urged to live up to their responsibilities by actively contributing to the establishment of a multi-ethnic, tolerant society where refugees and displaced persons are able to return and in which all the people of Kosovo can live in safety.

74. Emphasising the need to further strengthen regional cooperation, the European Council reaffirmed the Union's determination to continue playing a leading role in the Stability Pact. It welcomed the adoption in Thessaloniki of the "Agenda for Stability" as a framework for future action. The Reconstruction Agency as an authority implementing the future CARDS Programme should be allowed to use its full potential in order to achieve the goals set out in Cologne.

75. The European Council welcomed the idea, proposed by France, of a summit meeting between the European Union and the countries of the Western Balkans which, although at different stages, are most advanced in their democratic evolution. Such a summit would allow the countries of the region to be reassured of Europe's solidarity with them, and permit an examination with them of the means to accelerate the process of democratic and economic reform. The European Council invites the Council, assisted by the Secretary-General/High Representative, and the Commission, to begin work on preparing such a summit meeting.

E. Northern Dimension

76. The European Council endorsed the Action Plan for the Northern Dimension with external and cross-border policies of the European Union 2000-2003 as an important step towards implementing the Guidelines adopted in Cologne. It invited the Commission to take a leading role in implementing the Action Plan and to present appropriate follow-up proposals, including on the environment and nuclear safety, the fight against international crime and Kaliningrad. It welcomed the intention of the future Swedish Presidency to prepare, together with the Commission, a full report to the Council on Northern Dimension policies in preparation for the Göteborg European Council in June 2001.

F.

Africa

77. Recalling the presence of President Mandela at its meeting in Cardiff, the European Council warmly welcomed the presence of the President of the Republic of South Africa, Mr Thabo Mbeki, as a mark of the warm and growing relations between the EU and South Africa.

78. The European Council, following talks with the South African President, reaffirms its commitments given at the first Africa-Europe Summit, held on 3 and 4 April in Cairo, to build a global dialogue based on a strategic bi-regional partnership between Africa and Europe covering the many dimensions of their relationship. Both sides recalled that the follow-up to the Africa-Europe Summit will cover those dimensions, including questions related to debt relief, and that the appropriate mechanisms for the implementation of the decisions taken in Cairo will soon be put in place. The European Council welcomed Portugal's offer to host the next Europe-Africa Summit in Lisbon in 2003 during the Greek Presidency.

79. The European Council, agreeing that the challenges facing the African continent require extraordinary and sustained efforts by the countries of Africa helped by strong international engagement and cooperation, reaffirmed its willingness to continue to support measures aimed at rapid economic growth and sustainable development. This will only be possible in a proper environment of peace, democracy, respect for human rights and the rule of law.

80. The European Council adopted the declaration on Ethiopia-Eritrea in Annex VI.

ANNEXES TO THE PRESIDENCY CONCLUSIONS

SANTA MARIA DA FEIRA EUROPEAN COUNCIL

19 AND 20 JUNE 2000

ANNEXES

**Annex I Presidency Report on Strengthening the
Common European Security and Defence Policy** *Page 3*

Annex II Presidency report on the enlargement process *Page 24*

Annex III European Charter for Small Enterprises *Page 26*

Annex IV Tax package *Page 30*

**PRESIDENCY REPORT ON STRENGTHENING
THE COMMON EUROPEAN SECURITY AND DEFENCE POLICY**

I. INTRODUCTION

1. In Cologne, the European Council expressed its resolve that the EU should play its full role on the international stage and that to that end the EU should be provided with all the necessary means and capabilities to assume its responsibilities regarding a common European policy on security and defence. Since Cologne, the European Union has been engaged in a process aiming at building the necessary means and capabilities which will allow it to take decisions on, and to carry out, the full range of conflict prevention and crisis management tasks defined in the Treaty on European Union ("Petersberg tasks"). These developments are an integral part of the enhancement of the Common Foreign and Security Policy and are based on the principles set out in Helsinki. The Union will contribute to international peace and security in accordance with the principles of the United Nations Charter.
2. Having approved the two Finnish Presidency progress reports on military and non-military aspects of crisis management, including the common European headline goal and the collective capabilities goals, the European Council in Helsinki asked the Portuguese Presidency, together with the Secretary-General/High Representative, to carry work forward in the General Affairs Council on all aspects, as a matter of priority. The Portuguese Presidency was invited to draw up a first progress report to the Lisbon European Council and an overall report to be presented to the Feira European Council containing appropriate recommendations and proposals, as well as an indication of whether or not Treaty amendment is judged necessary.
3. A first progress report, reflecting the work carried forward by the Presidency, together with the Secretary-General/High Representative, within the General Affairs Council was presented to the Lisbon European Council. The European Council of Lisbon welcomed the progress already achieved and in particular the fact that the interim bodies had been established and had started to function effectively and that the Council had identified a process for elaborating the headline goal and identifying national contributions so as to meet the military capability target.
4. The European Council in Lisbon looked forward to the further work that the Presidency, together with the Secretary-General/High Representative, would pursue in the Council and to the Presidency's overall report to the Feira European Council, including proposals on the involvement of third countries in EU military crisis management and the further development of the EU's relationship with NATO.
5. The Lisbon European Council furthermore appreciated what had been achieved in the non-military crisis management track and invited the Council to establish by, or at, Feira a Committee for Civilian Crisis Management.
6. Since then, work has been carried forward on all aspects of military and non-military crisis management and substantive progress has been made, in particular with the identification of appropriate arrangements for the participation of third countries to EU military crisis management, as well as of principles and modalities for developing EU-NATO relations. The headline goal has been further elaborated; a committee for civilian aspects of crisis management has been set up; a coordinating mechanism, fully interacting with the Commission services, has been established at the Council Secretariat; the study to define concrete targets in the area of civilian aspects of crisis management has been concluded; concrete targets for civilian police have been identified.
7. The Presidency submits herewith its overall report to the Feira European Council covering, in Chapter II, the military aspects and, in Chapter III, the non-military aspects of crisis management. Work has also been carried out on conflict prevention. The usefulness of finding ways of improving the coherence and effectiveness of the EU action in the field of conflict prevention has been recognised.
8. In the course of the work during the Presidency on the strengthening of military and non-military crisis management and conflict prevention, the importance has been underlined of ensuring an extensive relationship in crisis management by the Union between the

military and civilian fields, as well as cooperation between the EU rapidly-evolving crisis management capacity and the UN, OSCE and the Council of Europe.

9. In presenting this report, the Presidency has taken note of the fact that Denmark has recalled Protocol No 5 to the Amsterdam Treaty on the position of Denmark.

II. MILITARY ASPECTS OF CRISIS MANAGEMENT

G. Elaboration of the Headline and the collective capabilities goals

1. Concerning the development of the Headline and the collective capabilities goals, the General Affairs Council, reinforced with Ministers of Defence, concluded at its meeting of 20 March that the "Food for thought" paper on the "Elaboration of the Headline Goal", including the timetable set out therein leading to a Capabilities Commitment Conference to be convened by the end of 2000, constitutes a basis for future work to be conducted by the competent bodies.

2. The General Affairs Council, at its session of 13 June, with the participation of Ministers of Defence, approved the work carried out by the Interim Military Body and forwarded through the IPSC, up to the "First Seminar of National Experts in Defence Planning" held in Brussels on 22-24 May 2000. The Council, inviting the competent bodies to continue on that basis, adopted the following guidelines for further work:

- The development of the Headline and collective capabilities goals, which have been agreed at the European Council in Helsinki, should be conducted by the 15, in accordance with the decision-making autonomy of the EU as well as the requirements regarding military efficiency.
- The Interim Military Body, with the political guidance of the IPSC, will propose the elements which will encompass the Headline Goal.
- In order to do this, the Interim Military Body will identify the capabilities necessary for the EU to respond to the full range of the Petersberg Tasks.
- In elaborating the Headline and collective capabilities goals by drawing on Member States contributions, the IMB, including representatives from capitals, will also call meetings with DSACEUR and NATO experts in order to draw on NATO's military expertise on the requirements of the Headline and collective capabilities goals.
- In this connection, transparency and dialogue between the EU and NATO will in addition be provided by the Ad Hoc Working Group on the capabilities goal provided for in Appendix 2.
- The Headline Goal requirements agreed by the IMB at CHODs level will, after endorsement by the Council, be the basis for the Member States in considering their initial offers of national contributions to the Headline Goal. These contributions will be examined by the Interim Military Body. This process must be concluded before the convening of the Capability Commitment Conference.
- It will be important to ensure coherence, for those Member States concerned, with NATO's defence planning process and the Planning and Review Process.
- In accordance with the determination expressed at Helsinki and Lisbon, once the needs and resources available have been identified, Member States will announce, at the Capability Commitment Conference, their commitments with a view to enabling the EU to fulfil the Headline Goal and the collective capabilities goals. It will be also important to create a review mechanism for measuring progress towards the achievement of those goals.
- The European Union will encourage third countries to contribute through supplementary commitments. In order to enable those countries to contribute to improving European military capabilities, appropriate arrangements will be made by the incoming presidency regarding the Capabilities Commitment Conference. These arrangements will take into account the capabilities of the six non-EU European NATO members. The offers of capabilities already made by Turkey, Poland, the Czech Republic and Norway are welcomed.

H. Recommendations on the institutional development of the new permanent political and military bodies related to the CESDP within the EU

The interim political and military bodies were established on 1 March 2000. In the light of the experience gained since their establishment, work has been carried out on the institutional development of the new permanent political and military bodies, in accordance with the Helsinki conclusions. Further work is under way, in order to ensure as soon as possible the start of the permanent phase and of the EU operational capacity for crisis management.

I.

Proposals on appropriate arrangements to be concluded by the Council on modalities of consultation and/or participation that will allow the third States concerned to contribute to EU military crisis management

Work has been carried forward on the modalities of consultation and/or participation concerning the non-EU European NATO members and other countries who are candidates for accession to the EU.

In this context, the aim has been to identify, in accordance with the Helsinki conclusions, arrangements for dialogue, consultation and cooperation on issues related to crisis management ensuring the decision-making autonomy of the EU. These arrangements will provide for the interim period meetings with the abovementioned countries, which will take place within a single inclusive structure and will supplement the meetings held as part of the reinforced political dialogue on CFSP matters. Within this structure there will be exchanges with the non-EU NATO European members when the subject matter requires it. For the permanent phase, arrangements will take into account the different needs arising in the routine phase and in the operational phase. The outcome of the Council deliberations is contained in Appendix 1 to this report.

Exchanges took place on 11 May 2000 between the EU Member States' Political Directors and their counterparts of the non-EU NATO European members and other candidate countries as well as between the EU Member States' Political Directors and their counterparts of the non-EU NATO European members.

Russia, Ukraine, other European States engaged in political dialogue with the Union and other interested States, may be invited to take part in EU-led operations. In this context, the EU welcomes the interest shown by Canada.

The French Presidency is invited, together with the Secretary General/High Representative, to carry forward further work within the General Affairs Council in order to make initial proposals to the Nice European Council on appropriate arrangements for consultation and/or participation to allow these other prospective partners to contribute to EU-led military crisis management.

J. Proposals on principles for consultation with NATO on military issues and recommendations on developing modalities for EU/NATO relations, to permit cooperation on the appropriate military response to a crisis

The Council has identified the principles on the basis of which consultation and cooperation with NATO should be developed. As to modalities, the Council has recommended that the EU should propose to NATO the creation of four "ad hoc working groups" between the EU and NATO on the issues which have been identified in that context: security issues, capabilities goals, modalities enabling EU access to NATO assets and capabilities and the definition of permanent arrangements for EU-NATO consultation.

The outcome of the Council deliberations is contained in Appendix 2 to this report.

K.

Indication of whether or not Treaty amendment is judged necessary

The existing provisions of the TEU define the questions relating to the security of the Union, including the progressive framing of a common defence policy as part of the Common Foreign and Security Policy governed by Title V of the Treaty. On this basis, the Council has decided to establish the interim Political and Security Committee and the Interim Military Body, and to reinforce the Council Secretariat with military experts seconded from Member States. Article 17 TEU expressly includes the Petersberg tasks in the CFSP. The Presidency took note of the opinion of the Council Legal Service the conclusion of which reads as follows:

"The Council's Legal Service is of the opinion that the conclusions of the Cologne and Helsinki European Councils regarding European security and defence policy can be implemented without it being legally necessary to amend the Treaty on European Union. However, such amendments would be necessary if the intention is to transfer the Council's decision-making powers to a body made up of officials, or to amend the Treaty's provisions regarding the WEU. Furthermore, it is for Member States to determine whether amendments to the Treaty would be politically desirable or operationally appropriate."

The Presidency suggests that the issue of Treaty revision should continue to be examined between the Feira and Nice European Councils.

III. CIVILIAN ASPECTS OF CRISIS MANAGEMENT

1. The Presidency has, together with the Secretary General/High Representative, responded as a matter of priority to the Helsinki European Council's invitation to carry work forward on all aspects of civilian crisis management, as defined in Annex 2 to Annex IV to the Helsinki conclusions.
2. The aim of this work has been to enhance and better coordinate the Union's and the Members States' non-military crisis management response tools, with special emphasis on a rapid reaction capability. This will also improve the EU's contribution to crisis management operations led by international and regional organisations.
3. As a concrete result of this intensive work, the following measures have been taken:
 - (a) A Committee for civilian aspects of crisis management has been set up by a Council decision adopted on 22 May 2000.

The Committee held its first meeting on 16 June 2000.

(b) A coordinating mechanism, fully interacting with the Commission services, has been set up at the Council Secretariat. Further developing the inventory of Member States and Union resources relevant for non-military crisis management, it has, as a first priority, established a database on civilian police capabilities in order to maintain and share information, to propose capabilities initiatives and to facilitate the definition of concrete targets for EU Member States collective non-military response. The coordinating mechanism has further developed its close cooperation with the interim Situation Centre/Crisis Cell established by the Secretary General/High Representative.

(c) A study (Appendix 3), drawing on experience from recent and current crises, on the expertise of the Member States and on the results of the seminar on civilian crisis management in Lisbon on 3-4 April 2000, has been carried out to define concrete targets in the area of civilian aspects of crisis management. This study identifies priorities on which the EU will focus its coordinated efforts in a first phase, without excluding the use of all the other tools available to the Union and to Member States.

(d) Concrete targets for civilian police capabilities have been identified and are set out in Appendix 4. In particular, Member States should, cooperating voluntarily, as a final objective by 2003 be able to provide up to 5000 police officers for international missions across the range of conflict prevention and crisis management operations and in response to the specific needs at the different stages of these operations. Within the target for overall EU capabilities, Member States undertake to be able to identify and deploy, within 30 days, up to 1 000 police officers. Furthermore, work will be pursued to develop EU guidelines and references for international policing.

4. In addition to these measures, the Council has received and is examining the Commission's proposal for a Council Regulation creating a Rapid Reaction Facility to support EU activities as outlined in the Helsinki Report.

IV. FOLLOW-UP

1. The French Presidency is invited, together with the Secretary General/High Representative, to carry work forward within the General Affairs Council on strengthening the Common European Security and Defence Policy. The French Presidency is invited to report to the European Council in Nice, in particular on:

(a) the elaboration of the headline goal and the collective capabilities goal agreed at Helsinki, including results reached at the Capabilities Commitment Conference to be convened before Nice;

(b) the establishment of the permanent political and military structures to be put in place as soon as possible after the Nice European Council;

(c) the inclusion in the EU of the appropriate functions of the WEU in the field of the Petersberg tasks;

(d) the implementation of the Feira decisions on :

– the arrangements that will allow consultations with and participation of third countries in EU-led military crisis management;

– the development of the arrangements ensuring consultation and cooperation with NATO in military crisis management on the basis of the work undertaken in the relevant EU-NATO "ad hoc working groups";

(e) the development and the implementation of EU capabilities in civilian aspects of crisis management, including the definition of concrete targets.

2. The issue of Treaty revision should continue to be examined between the Feira and Nice European Councils.

3. The Secretary General/High Representative and the Commission are invited to submit to the Nice European Council, as a basis for further work, concrete recommendations on how to improve the coherence and the effectiveness of the European Union action in the field of conflict prevention, fully taking into account and building upon existing instruments, capabilities and policy guidelines.

**ARRANGEMENTS TO BE CONCLUDED BY THE COUNCIL ON MODALITIES OF
CONSULTATION AND/OR PARTICIPATION THAT WILL ALLOW THE
NON-EU EUROPEAN NATO MEMBERS**

**AND OTHER COUNTRIES WHICH ARE CANDIDATES FOR ACCESSION TO THE EU TO CONTRIBUTE TO EU
MILITARY CRISIS MANAGEMENT**

MANDATE

1. In the Helsinki European Council Conclusions the Portuguese Presidency is "...invited to report to the European Council in Feira on the progress made, including (...) proposals on appropriate arrangements to be concluded by the Council on modalities of consultation and/or participation that will allow the third States concerned to contribute to EU military crisis management".

GUIDING PRINCIPLES

2. The Union will ensure the necessary dialogue, consultation and cooperation with non-EU European NATO members and other countries who are candidates for accession to the EU on EU-led crisis management.
3. Appropriate arrangements will be established for dialogue and information on issues related to security and defence policy and crisis management.
4. There will be full respect for the decision-making autonomy of the EU and its single institutional framework.
5. There will be a single, inclusive structure in which all the 15 countries concerned (the non-EU European NATO members and the candidates for accession to the EU) can enjoy the necessary dialogue, consultation and cooperation with the EU.
6. There will, within this structure, be exchanges with the non-EU European NATO members where the subject matter requires it, such as on questions concerning the nature and functioning of EU-led operations using NATO assets and capabilities.

MODALITIES

7. Modalities for the participation of non-EU European NATO members and candidate countries, to be established for the permanent phase, will need to take into account the different needs arising in different situations:

- routine non-crisis phase: mechanism for a regular dialogue;
- operational phase, including two stages:
 - (a) pre-operational phase when options for action are considered, in which dialogue and consultations will be intensified;
 - (b) operational phase "stricto sensu", which starts when the Council takes the decision to launch an operation, and an ad hoc Committee of Contributors is set up.

Full account should be taken of the role of the Secretary General/High Representative in the EU's CFSP and CESDP.

A. For the interim period

8. Until the implementation of the modalities established for the permanent phase, meetings with the 15 countries concerned (non-EU European NATO members and other candidates for accession to the EU) will take place within the single inclusive structure referred to in paragraph 5. The choice of the appropriate form and modalities will be based on considerations of pragmatism and efficiency, depending on the circumstances, subject-matter and needs.
9. A minimum of two meetings in EU+15 format will be organised in each Presidency on ESDP matters. These will supplement the meetings held as part of the reinforced political dialogue on CFSP matters.
10. Within this framework, a minimum of two meetings will be organised with the six non-EU European NATO members (in EU+6 format) in each Presidency. Additional exchanges will be organised if the need arises upon decision by the Council or the IPSC.
11. A meeting at Ministerial level within the framework referred to in paragraph 8, will be organised in each Presidency with the 15 and with the 6.
12. The exchanges provided for in paragraphs 9 and 10 will cover the elaboration of the headline and capability goals as well, so as

fully to inform non-EU members of ongoing work on the list of necessary means. In order to enable those countries to contribute to improving European military capabilities, appropriate arrangements will be made by the incoming Presidency regarding the capabilities pledging conference. These arrangements will take into account the capabilities of the 6 non-EU European NATO members.

B. For the permanent phase

– Routine Phase

13. Exchanges on issues related to security and defence policy and, in particular, on progress within the EU in establishing its crisis-management capabilities, will take place during the routine phase.

14. During the routine phase there should be, in the course of each semester,

- regular meetings in EU+15 format, at the appropriate level;
- at least two meetings with the participation of the non-EU European NATO members in EU+6 format;
- additional meetings will be organised if the need arises upon decision by the Council or the PSC.

PSC will play a leading role in the implementation of these arrangements, which should also include exchanges at military level

15. Arrangements for Ministerial meetings during the permanent phase will be based upon the experience gained during the interim phase.

16. The exchanges will facilitate participation of the concerned countries to EU-led operations.

– Operational Phase

(a) Pre-operational phase

17. In the event of a crisis, dialogue and consultation will be intensified.

18. When the possibility of an EU-led military crisis management operation is under consideration, these consultations will provide a framework for exchanges of views and discussion on any related security concerns raised by the countries concerned. Where the EU recourse to NATO assets is under active consideration, particular attention will be given to consultation with the six non-EU European NATO members.

(b) Operational phase "stricto sensu"

19. When deciding on the military option, the EU will address participation of non-EU NATO members and other countries which are candidates to accession to the EU according to the provisions agreed in Helsinki:

"Upon a decision by the Council to launch an operation, the non-EU European NATO members will participate if they so wish, in the event of an operation requiring recourse to NATO assets and capabilities. They will, on a decision by the Council, be invited to take part in operations where the EU does not use NATO assets.

Other countries who are candidates for accession to the EU may also be invited by the Council to take part in EU-led operations once the Council has decided to launch such an operation."

20. The operational phase will start when the Council decides to launch a military crisis management operation. Those non-EU European NATO members and countries candidates for accession which have confirmed their participation in an EU-led operation by deploying significant military forces, will have the same rights and obligations as the EU participating Member States in the day to day conduct of that operation.

21. An ad hoc committee of contributors will be set up comprising all EU Member States and the other participating countries for the day to day conduct of the operation. The Council/PSC will be responsible for the political control and strategic direction of the operation. For the military day to day conduct of the operation, functions and roles of the MC and of the operation commander will be set out in the relevant arrangements.

22. The decision to end an operation shall be taken by the Council after consultation between participating states within the ad hoc committee of contributors.

* *

*

23. The Council will formalise the necessary arrangements in due time and will examine the options for doing so.

APPENDIX 2

PRINCIPLES FOR CONSULTATION WITH NATO ON MILITARY ISSUES AND RECOMMENDATIONS ON DEVELOPING MODALITIES FOR EU/NATO RELATIONS

The Mandate

The European Council in Helsinki invited the Portuguese Presidency to report to the European Council in Feira on the progress made, including "proposals on principles for consultation with NATO on military issues and recommendations on developing modalities for EU/NATO relations, to permit cooperation on the appropriate military response to a crisis, as set out in Washington and at Cologne".

The Principles

1. Development of consultation and cooperation between the EU and NATO must take place in full respect of the autonomy of EU decision-making.
2. The EU and NATO have undertaken further to strengthen and develop their cooperation in military crisis-management on the basis of shared values, equality and in a spirit of partnership. The aim is to achieve full and effective consultation, cooperation and transparency in order to identify and take rapid decisions on the most appropriate military response to a crisis and to ensure efficient crisis-management. In this context, EU-objectives in the field of military capabilities and those arising, for those countries concerned, from NATO's Defence Capabilities Initiative, will be mutually reinforcing.
3. While being mutually reinforcing in crisis management, the EU and NATO are organisations of a different nature. This will be taken into account in the arrangements concerning their relations and in the assessment to be made by the EU of existing procedures governing WEU-NATO relations with a view to their possible adaptation to an EU-NATO framework.
4. Arrangements and modalities for relations between the EU and NATO will reflect the fact that each Organisation will be dealing with the other on an equal footing.
5. In the relations between the EU and NATO as institutions, there will be no discrimination against any of the Member States.

ISSUES AND MODALITIES FOR THE INTERIM PERIOD

Contacts with NATO (informal contacts by SGs, briefings by the Portuguese Presidency at the NAC) have taken place in accordance with the Helsinki definition for the initial phase in which the EU-interim bodies have concentrated on establishing themselves. There is now a need for a further evolution in EU-NATO relations.

A. Issues

1. **Security:** EU efforts towards finalising its own security arrangements (physical and personal security, and work towards an EU security agreement) are an absolute priority. On this basis, the Union will have to establish a dialogue with NATO to define security

arrangements between the two organisations. These discussions should lead to an agreement, which will govern inter alia information exchange and access by designated officials from the EU and its Member States to NATO planning structures.

2. Defining capability goals: to ensure that "these objectives and those arising, for those countries concerned, from NATO's Defence Capabilities Initiative (DCI) will be mutually reinforcing", modalities for consultation on these issues will need to be established. These modalities should permit the EU to draw, as needed, on NATO military expertise, as the EU elaborates its headline goal by drawing on Member State contributions. Having elaborated the headline and capability goals, the EU, as agreed in Helsinki, will develop a method of consultation through which these goals can be met and maintained, and through which national contributions reflecting Member States' political will and commitment towards these goals can be defined by each Member State, with a regular review of progress made. In addition, Member States would use existing defence planning procedures including, as appropriate, those available in NATO and the Planning and Review Process of the PFP.

3. Arrangements enabling the EU access to NATO assets and capabilities (Berlin and Washington agreements): Helsinki and Cologne defined two approaches to implementing EU operations: with or without NATO assets. To use NATO assets, it is important to make progress on defining together how this will work in practice in order to draw up an agreement. This agreement should be ready by the time the EU becomes operational. To make this possible, the EU looks forward to substantial progress within NATO.

4. Defining permanent arrangements: Following the Feira European Council, discussion will be needed to determine the nature of the permanent arrangements, which will govern relations between the EU and NATO. These arrangements should be based upon the principles defined above.

The groundwork undertaken on these four issues will pave the way for establishing permanent arrangements between NATO and the EU. Our aim is that these should be ready at the same time as the EU permanent structures are put in place after the Nice European Council.

B. Modalities

1. The Feira European Council should decide to propose to NATO the creation of "ad hoc working groups" between the EU and NATO for each of the issues mentioned above.
2. The "ad hoc working groups" would have the following tasks:
 - (a) for security issues: preparation of an EU-NATO security agreement;
 - (b) for capability goals: the implementation of information exchange and discussion with NATO on elaborating capability goals. It is understood that DSACEUR could participate, as appropriate;
 - (c) for modalities enabling EU access to NATO assets (Berlin and Washington agreements): preparation of an agreement on the modalities for EU access to NATO assets and capabilities as agreed at Washington (draft framework agreement on Berlin Plus implementation). It is understood that DSACEUR should participate;
 - (d) for the definition of permanent arrangements: defining the main parameters of an EU/NATO agreement which would formalise structures and procedures for consultation between the two organisations in times of crisis and non-crisis.
3. If, having regard to the principles set above, new issues were to arise which were recognised as requiring consultation between the EU and NATO, further "ad hoc working groups" could be considered.
4. On the EU side, the IPSC will have a coordinating role for the work of the "ad hoc working groups", and will be a focal point for dialogue.

A. Introduction

The European Council expressed its determination to increase and improve the effectiveness of the Union's capacity to respond to crises, including by actions in civilian areas. This increased effectiveness could be used both in response to request of a lead agency like the UN or the OSCE, or, where appropriate, in autonomous EU actions.

The Union should seek to enhance its capability in civilian aspects of crisis management in all relevant areas, with the objective of improving its potential for saving human lives in crisis situations, for maintaining basic public order, preventing further escalation, facilitating the return to a peaceful, stable and self-sustainable situation, for managing adverse effects on EU countries and for addressing relevant problems of coordination. Particular attention could be paid to those areas where the international community so far has demonstrated weaknesses. It would provide "added value" as it would improve the Union's capacity to react as well as the Union's capability to meet the requests of the other lead organisations: they would be able to count – on a more systematic basis – on a sizeable quantitative and qualitative contribution which could represent the nucleus of some of their missions. This would, in turn, increase the Union's visibility.

The reinforcement of the Union's capabilities in civilian aspects of crisis management should, above all, provide it with adequate means to face complex political crises by:

- acting to prevent the eruption or escalation of conflicts;
- consolidating peace and internal stability in periods of transition.
- ensuring complementarity between the military and civilian aspects of crisis management covering the full range of Petersberg tasks.

It has been agreed that the identification of concrete targets should be premised on a pragmatic, bottom-up approach, focusing on operational requirements, and reflecting the political concerns of the European Council.

The inventories which have been drawn up clearly show that Member States, the Union, or both have accumulated considerable experience or have considerable resources in a large number of areas, a number of which are resources already being used in development cooperation. Fully taking into account, and building upon, existing experiences, instruments and resources, the Union should as a matter of priority concentrate its efforts on the areas where a rapid reaction is most needed, and where the added value of an increased and coordinated effort by the Union and Member States is most evident. This process could be built outwards step-by-step to cover a wide range of limited as well as complex civil crisis management operations. However, the identification of priorities on which the EU will focus its coordinated efforts in a first phase does by no means exclude the use of all other tools available to the Union and to Member States.

B. Priorities

The first priority area, identified in the light of the crises Europe has had to face in recent times and is still facing now, is police.

I. POLICE

Concrete targets on police capabilities, to be reached by 2003, have been established by Member States, cooperating voluntarily within the framework of Article 12, fifth indent, of the TEU. These concrete targets are elaborated in detail in Appendix 4 to the Presidency report.

II. STRENGTHENING OF THE RULE OF LAW

Intensified work on police must necessarily be accompanied by work in other areas that are felt as necessary if a positive outcome of a police mission is to be ensured. The area most specifically concerned is assistance for the re-establishment of a judicial and penal system. The following measures could be considered:

- (i) Member States could establish national arrangements for selection of judges, prosecutors, penal experts and other relevant categories within the judicial and penal system, to deploy at short notice to peace support operations, and consider ways to train them appropriately;
- (ii) the EU could aim at promoting guidelines for the selection and training of international judges and penal experts in liaison with the United Nations and regional organisations (particularly the Council of Europe and the OSCE);
- (iii) the EU could consider ways of supporting the establishment/renovation of infrastructures of local courts and prisons as well as recruitment of local court personnel and prison officers in the context of peace support operations.

III. STRENGTHENING CIVILIAN ADMINISTRATION

Yet another area which it is necessary to enhance, in order to succeed in supporting societies in transition, is the area of civil administration.

(i) Member States could consider improving the selection, training and deployment of civil administration experts for duties in the re-establishment of collapsed administrative systems;

(ii) Member States could also consider taking on the training of local civil administration officials in societies in transition.

IV. CIVIL PROTECTION

In addition to the priority areas mentioned before, Member States have identified civil protection, including search and rescue in disaster relief operations. It is necessary to draw a distinction between operations of civil protection within the framework of crisis management operations, and other types of disaster relief operations. The latter kind of operations have specific characteristics.

This being said, in crisis management operations within CFSP, it should also be possible to resort to EU Member States' tools and capabilities for civil protection.

Even though specific coordination mechanisms already exist in the field of civil protection, it is felt that, in the light of experience gleaned in recent major natural disasters, improvement is needed and is possible.

Ideas aimed at ensuring a better organisation of the Union's reaction, such as a lead-nation concept as well as specialisation, have been put forward. Work currently under way within the Council and involving experts in the field will permit the definition of concrete targets also in this area.

Such concrete targets could be defined in terms of human and material resources that each Member State could make available, type of mandate and status of the operation for participating countries as well as promotion of compatibility of equipment between Member States.

C. Resources

Improved coordination at EU level can lead to an increased effectiveness and synergy in the Union's reaction. Together with the definition of concrete targets by the European Council, this will ensure tangible improvements in the Union's contribution to crisis management operations.

D. Further Work on Concrete Targets after Feira

The Committee for Civilian Aspects of Crisis Management could work on the development and further elaboration of the concrete targets set out by Feira European Council as well as on areas going beyond the priority areas already identified. To this end, the Committee should be integrated with experts from the relevant national administrations, i.a. providing specialist advice on police, judicial and penal aspects, civilian administration, humanitarian assistance as well as the interface between crisis management and development cooperation.

Further work could also address the identification of national capabilities with a view to reaching collective targets, taking into account national areas of expertise/specialisation.

It is noted that the Commission will submit shortly an operational inventory of actions already led by the Union as well as proposals in the civil protection area.

APPENDIX 4

CONCRETE TARGETS FOR POLICE

A. CONCRETE TARGETS

To develop police capabilities, Member States, cooperating voluntarily within the framework of Article 12, fifth indent, of the Treaty on European Union, have set themselves the following concrete targets, to be reached by 2003.

The targets are related but highlight different aspects of EU police capabilities. In this regard, the target for rapid deployment capability (2) is

defined as lying within the target for overall EU capabilities (1).

1. OVERALL EU CAPABILITIES

Recognising the central role of police in international crisis management operations, and the increasing need for police officers for such operations, EU Member States undertake to strengthen their capability to provide police officers for international police operations to which they voluntarily decide to contribute. Member States' contributions will take account of their own particular arrangements for national policing and the type of police expertise which they can provide.

Strengthening their capabilities in phases, EU Member States should, as a final objective, be able to provide up to 5 000 police officers to international missions across the range of crisis prevention and crisis management operations and in response to the specific needs at the different stages of these operations. The current total deployment of EU Member States is approximately 3 300 persons.

This will require the pre-identification and training of a sufficiently large pool of police staff, covering all fields of police work required internationally and taking into account the comparative advantages as well as the specific constraints of Member States' police. It may also necessitate the reinforcement of mechanisms for rotation and sufficient financial and logistical resources.

Member States will share national experience with a view to producing specific recommendations on increasing the number of police officers available for international missions (looking *inter alia* at a greater use of retiring or recently retired officers and the freeing-up of police capability through greater involvement of experts from adjacent fields). In this respect, due consideration will be given to the possibility of putting a greater emphasis on the training of local police, as this can contribute to reduce the size and period of international police deployments.

The target on overall EU police capabilities may be extended to cover also international support to local justice and penal systems, the deficiency of which in some crises can have a significant impact on the credibility and effectiveness of an international police presence.

2. RAPID DEPLOYMENT CAPABILITY

The EU police deployment can either be in response to a request from an international lead organisation, in particular the United Nations or the OSCE, or can constitute an EU autonomous police operation, possibly as part of a larger EU-led crisis management operation, once the necessary EU planning and logistical framework has been defined.

Within the target for overall EU capabilities, Member States undertake to be able to identify and deploy, within 30 days, police able to implement operations and missions of police advice, training, monitoring as well as executive policing:

- in order to prevent or mitigate internal crises and conflicts (such as e.g. MINUGUA in Guatemala);
- in non-stabilised situations, such as e.g. immediate post-conflict situations, requiring robust forces able to restore law and order; (such as e.g. UNMIK/KFOR in Kosovo and UNTAET in East Timor);
- in support of local police, ensuring respect for basic human rights standards (such as e.g. WEU/MAPE in Albania, WEUPOL in Mostar and ONUSAL in El Salvador), and, where international police performs an executive role, allowing the rapid return of responsibility for law enforcement to local police (such as e.g. OSCE/KPSS in Kosovo).

Experience has shown that the most demanding of crisis management tasks may require the deployment of up to 1 000 EU Member State police within 30 days. For each of these generic target missions, further elaboration by proper Council instances will be needed.

Given the specific requirements on international police performing executive tasks in non-stabilised situations, and in particular during the transition from initial military command to subsequent civil command, special attention will be given to the proposal for the development of robust, rapidly deployable, flexible and interoperable European Union integrated police units, as well as to the possibility of a smaller number of Member States cooperating to build capabilities in this specific field.

In order to reach the deployment time target, Member States and the EU will further strengthen, as appropriate, the capacity to contribute with the required expertise to an advance team headed by the international lead organisation - as well as, in due course, deploy EU advance teams of experienced police experts in charge of assessing the risks of, defining, planning and establishing an EU-led police mission. In this context, the EU should be able to contribute with, and deploy, legal experts in order to prepare for support to local judicial and penal systems, as well as experts in engineering, logistical and administrative support.

Member States will exchange information and experience on methods of creating rapidly deployable police forces, *inter alia* through the use of pre-identified police forces which, while actively taking part in national police work, would be available at short notice for police missions.

3. RAISING STANDARDS FOR INTERNATIONAL POLICE MISSIONS

Member States and the EU can play a catalysing role in raising standards for international police operations, including within and

through the United Nations and the OSCE. Therefore the EU and its Member States will initiate work in view of the definition of an EU concept for international police operations. This work will be carried out in close cooperation with UN/DPKO, on the basis of existing UN guidelines and without duplicating work being carried out in the UN, and will draw on Member State and EU police expertise. First discussions on this subject have identified the need, *inter alia*, to:

- (1) define the categories of police officers and experts most appropriate for the different policing tasks, including priorities for deployment, on the basis of scenarios or illustrative profiles covering the role of police across the range of, and at the different phases of, crisis prevention and crisis management operations, and taking into account the need for flexibility of intervention;
- (2) contribute to the development of a general concept of executive policing, notably as regards the interaction between military forces and police forces in post-conflict situations where both are deployed in parallel;
- (3) contribute to the clarification of the legislative framework in which international police missions operate;
- (4) contribute to the definition of clear international mandates for police missions.

The development of an EU concept would facilitate the drawing up of EU guidelines and references for international policing, including on rules of engagement, as well as contribute to the further refinement of the categories of police and experts in Member State and EU databases.

Member States and the EU will also, in the framework of the cooperation in the field of justice and home affairs, and taking into account requirements of different types of police missions, continue efforts to define standard selection criteria and basic training programmes, based on, and compatible with, existing UN, OSCE and Council of Europe standards, in order to ensure that police sent by EU Member States on international missions meet high standards and that the pool of pre-identified and trained police officers is sufficiently large to meet the capability and deployment targets defined above. These efforts will take into account the Lisbon seminar organised in this context on 29-31 May 2000 and earlier work on police training for peacekeeping missions carried out within the framework of the European Union and will reflect the central role of the EU and its Member States in contributing to improved international policing standards.

B. IMPLEMENTATION

The specific concrete targets are the expression of the political will and commitment of Member States. The targets will be further elaborated by the appropriate Council instances. A method will be developed through which these phased targets can be met and maintained through voluntary contributions. The comparative advantages of national police taking into account e.g. national rotational requirements and the possible use of retirees, can be defined by each Member State, with a regular review of progress made. This work will be carried out in close cooperation with police experts.

General information on pre-identified police capabilities, their readiness, as well as on specific national expertise, in particular for advance teams, will be fed into the police database established at the Council Secretariat as part of the Coordinating Mechanism set up following the conclusions of the European Council in Helsinki. Further work will be undertaken concerning national arrangements, including on specific information on pre-identified police capabilities and single national contact points.

The European Council in Helsinki set the objective of developing the EU's contributions to international organisations, in particular the UN and OSCE, as well as its capabilities for EU autonomous actions. To that end the EU will coordinate closely with the United Nations Department of Peace Keeping Operations (UN/DPKO), the OSCE, notably the REACT Task Force, and with the Council of Europe and Member States contact points, in order to ensure that EU efforts and those of these organisations are compatible and mutually reinforcing, to avoid duplication as well as to facilitate the exchange of information relating to new police missions.

In addition, a detailed study on the feasibility and implications of planning, launching and leading autonomous EU missions will be carried out.

ANNEX II

PRESIDENCY REPORT ON THE ENLARGEMENT PROCESS

applicant countries.

As regards the applicant countries with which accession negotiations began in March 1997, namely Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia, the Portuguese Presidency, in line with the Conclusions of the Cologne European Council, has initiated negotiations on the chapters which had not yet been opened, some of which are particularly complex: *Regional Policy, Financial Control, Financial and Budget Provisions, Justice and Home Affairs, the Free Movement of Persons and Agriculture*. As envisaged, the opening of negotiations on the chapter on *Institutions*, will naturally wait until the end of the Intergovernmental Conference on the reform of the institutions.

Furthermore, the Portuguese Presidency has endeavoured to achieve progress in the negotiations on all the other chapters previously opened. It has thus been possible to conclude provisionally with all those applicants the chapter on *Foreign Policy and Common Security, Company Law* with Cyprus, Estonia and Slovenia, *Social Policy* with Cyprus, *Fisheries* with Cyprus and Estonia, *External Relations* with Estonia and the Czech Republic, *Customs Union* with the Czech Republic, the *Free Movement of Capital* with Estonia and *Financial Control* with Hungary, Slovenia, Cyprus and Poland. The provisional conclusion of the *Telecommunications and Information Technology* and *Industrial Policy* chapters was also formalised with Hungary.

The abovementioned results were attained at two rounds of bilateral negotiation Conferences at Deputy level in April and May and confirmed at a negotiating round at Ministerial level in June.

At the same time, and in accordance with the mandate of the Helsinki European Council, the Portuguese Presidency formally launched accession negotiations in February with Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta. Accordingly, the Union managed to hold bilateral negotiation conferences with twelve candidate countries simultaneously during the Portuguese Presidency.

Mindful of the notion expressed at Helsinki that cumbersome new processes should not be introduced, and on the basis of the hallowed principle that candidates must be judged on their individual merits, the Portuguese Presidency defined a modulated programme of negotiations with these candidates on the basis of a proposal from the Commission, following consultations with the Member States. It was thus possible to launch concrete negotiations with these six candidates on

Education and Training, Science and Research, Small and Medium-sized Enterprises, External Relations and Common Foreign and Security Policy. To this common core of chapters for these candidates should be added the launching of negotiations on *Statistics and Competition Policy* with Latvia, Lithuania and Slovakia, *Culture and Audiovisual Policy* with Bulgaria, Malta, Latvia, Lithuania and Slovakia and *Industrial Policy* and *Telecommunications and Information Technologies* with Malta.

The results negotiated with these candidates were as follows: all five chapters which were opened with Romania during the Portuguese Presidency were provisionally concluded, negotiations were provisionally concluded on six of the eight chapters opened with Slovakia, with only *Competition Policy* and *Culture and Audiovisual Policy* still outstanding; again, of the eight chapters opened, only *Culture and Audiovisual Policy, External Relations* and *Competition* were not provisionally concluded with Latvia and Lithuania; four of the six chapters opened were provisionally concluded with Bulgaria, leaving *Culture and Audiovisual Policy* and *External Relations* open; finally, of the eight chapters opened with Malta, only the negotiations on *Culture and Audiovisual Policy* were not provisionally concluded. In order to achieve the abovementioned results with these candidates, the Portuguese Presidency organised two rounds of Conferences at Deputy level and a further two at Ministerial level.

It should be noted, particularly because of its symbolic importance, that the negotiating rounds at Ministerial level held on 13 and 14 June, which confirmed the results of the Portuguese Presidency, included for the first time all twelve applicants for membership, thus ending the separation of applicants into groups.

In addition to the negotiations as such, for which the programme set down by the Portuguese Presidency was completed in full, an endeavour was also made to press forward with other elements of the enlargement process.

An Association Council meeting was held with Turkey – the first in some considerable time – which will contribute to enabling the country to be effectively integrated into the pre-accession process, as decided on by the Helsinki European Council.

It was also possible to reach an agreement within the Union on a Financial Regulation for Cyprus and Malta, thus creating conditions for these two applicants to continue effectively with their pre-accession efforts, and allowing the respective accession partnerships to be formally approved.

Small enterprises are the backbone of the European economy. They are a key source of jobs and a breeding ground for business ideas. Europe's efforts to usher in the new economy will succeed only if small business is brought to the top of the agenda.

Small enterprises are the most sensitive of all to changes in the business environment. They are the first to suffer if weighed down with excessive bureaucracy. And they are the first to flourish from initiatives to cut red tape and reward success.

At Lisbon we set the goal for the European Union to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, more and better jobs and greater social cohesion.

Small enterprises must be considered as a main driver for innovation, employment as well as social and local integration in Europe.

The best possible environment for small business and entrepreneurship needs therefore to be created.

Principles

In urging for this, we

- Acknowledge the dynamic capacities of small enterprises in answering to new market needs and in providing jobs;
- Stress the importance of small enterprises in fostering social and regional development, while behaving as examples of initiative and commitment;
- Recognise entrepreneurship as a valuable and productive life skill, at all levels of responsibility;
- Applaud successful enterprise, which deserves to be fairly rewarded;
- Consider that some failure is concomitant with responsible initiative and risk-taking and must be mainly envisaged as a learning opportunity;
- Recognise the values of knowledge, commitment and flexibility in the new economy.

The situation of small business in the European Union can be improved by action to stimulate entrepreneurship, to evaluate existing measures, and when necessary, to make them small-business-friendly, and to ensure that policy-makers take due consideration of small business needs. To this end, we pledge ourselves to:

- Strengthen the spirit of innovation and entrepreneurship which enables European business to face the challenges ahead;
 - Achieve a regulatory, fiscal and administrative framework conducive to entrepreneurial activity and improve the status of entrepreneurs;
 -
- Ensure access to markets on the basis of the least burdensome requirements that are consistent with overriding public policy objectives;
- Facilitate access to the best research and technology;
 - Improve access to finance throughout the entire life-cycle of an enterprise;
 - Improve our performance continuously, so that the EU will offer the best environment for small business in the world;
 - Listen to the voice of small business;
 - Promote top-class small business support.

Lines for action

By endorsing this Charter, we commit ourselves to work along the following lines for action, taking due consideration of small business needs.

1. Education and training for entrepreneurship

Europe will nurture entrepreneurial spirit and new skills from an earlier age. General knowledge about business and entrepreneurship needs to be taught at all school levels. Specific business-related modules should be made an essential ingredient of education schemes at secondary level and at colleges and universities.

We will encourage and promote youngsters' entrepreneurial endeavours, and develop appropriate training schemes for managers in small enterprises.

2. Cheaper and faster start-up

The costs of companies' start-up should evolve towards the most competitive in the world. Countries with the longest delays and most burdensome procedures for approving new companies should be encouraged to catch up with the fastest. Online access for registration should be increased.

3. Better legislation and regulation

National bankruptcy laws should be assessed in the light of good practice. The learning from benchmarking exercises should lead us to the improvement of current practices in the EU.

New regulations at national and Community level should be screened to assess their impact on small enterprises and entrepreneurs. Wherever possible, national and EC rules should be simplified. Governments should adopt user-friendly administrative documents.

Small enterprises could be exempted from certain regulatory obligations. In this context, the Commission could simplify competition legislation to reduce the burden of compliance for small business.

4. Availability of skills

We shall endeavour to ensure that training institutions, complemented by in-house training schemes, deliver an adequate supply of skills adapted to the needs of small business, and provide lifetime training and consultancy.

5. Improving online access

Public authorities should be urged to increase their electronic communication with the small business sector. Thus, companies will be able to receive advice, make applications, file tax returns or obtain simple information online, therefore faster and more cheaply. The Commission must lead by example in this area.

6. More out of the Single Market

Small businesses are feeling the benefits from the reforms underway of Europe's economy. The Commission and Member States must therefore pursue the reforms underway aiming at the completion in the Union of a true internal market, user-friendly for small business, in critical areas for development of small businesses including electronic commerce, telecommunications, utilities, public procurement and cross-border payment systems.

At the same time, European and national competition rules should be vigorously applied to make sure that small businesses have every chance to enter new markets and compete on fair terms.

7. Taxation and financial matters

Tax systems should be adapted to reward success, encourage start-ups, favour small business expansion and job creation, and facilitate the creation and the succession in small enterprises. Member States should apply best practice to taxation and to personal performance incentives.

Entrepreneurs need finance to translate ambitions into reality. In order to improve the access of small enterprises to financial services, we will:

- Identify and remove barriers to the creation of a pan-European capital market and to the implementation of the Financial Services Action Plan and the Risk Capital Action Plan;
- Improve the relationship between the banking system and small enterprises by creating appropriate access conditions to credit and to venture capital;
- Improve the access to the structural funds and welcome initiatives by the European Investment Bank to increase funding available to start-ups and high-technology enterprises, including equity instruments.

8. Strengthen the technological capacity of small enterprises

We will strengthen existing programmes aimed at promoting technology dissemination towards small enterprises as well as the capacity of small business to identify, select and adapt technologies.

We will foster technology co-operation and sharing among different company sizes and particularly between European small enterprises, develop more effective research programmes focussed on the commercial application of knowledge and technology, and develop and adapt quality and certification systems to small enterprises. It is important to ensure that a Community patent is available and easily accessible to small enterprises.

We will foster the involvement of small enterprises in inter-firm co-operation, at local, national, European and international levels as well as the co-operation between small enterprises and higher education and research institutions.

Actions at national and regional levels aimed at developing inter-firm clusters and networks should therefore be supported. pan-European co-operation between small enterprises using information technologies enhanced, best practice in co-operative agreements spread, and small enterprises co-operation supported to improve their capabilities to enter pan-European markets and to extend their activities in third country markets.

9. Successful e-business models and top-class small business support

The Commission and Member States should encourage small enterprises to apply best practice and adopt successful business models that enable them to truly flourish in the new economy.

We will co-ordinate Member States and EU activity to create information and business support systems, networks and services which are easy to access and understand, and relevant to the needs of business; ensure EU-wide access to guidance and support from mentors and business angels, including through websites, and exploit the European Observatory on SMEs.

10. Develop stronger, more effective representation of small enterprises' interests at Union and national level

We will complete a review of how the interests of small businesses are represented at EU and national level, including through the social dialogue.

We commit ourselves to progress towards these goals using the open method of co-ordination of national enterprise policies. The Multiannual Programme for Enterprise and Entrepreneurship, the Cardiff process on economic reforms, the Luxembourg process on employment policies and other Community programs and initiatives will be used to this end. We will monitor and evaluate progress annually on the basis of a Commission report on the relevant issues at the Spring Summits.

We will use effective indicators to assess progress over time and in relation to the best in the world to reinforce our learning, searching for better practice in all fields that affect small business to continuously improve our performance.

ANNEX IV

REPORT FROM THE ECOFIN COUNCIL TO THE EUROPEAN COUNCIL ON THE TAX PACKAGE

1. The Helsinki European Council on 10-11 December 1999 agreed that a High Level Working Group will provide a report to the Council with possible solutions on the issue of taxation of savings income and on the Code of Conduct and the Directive on Interest and Royalties as a package, and that the Council will report to the European Council in June 2000 at the latest.

This report is in response to that remit.

2. The Council agrees that the Directive on the taxation of savings, which will apply only to non-residents, shall be based on the following key elements:

- a) With a view to implementing the principle, set out in the Helsinki European Council Conclusions, that all citizens resident in a Member State of the European Union should pay the tax due on all their savings income, exchange of information, on as wide a basis as possible, shall be the ultimate objective of the EU in line with international developments.
- b) Until then, Member States shall exchange information on savings income with other Member States or, subject to point d), operate a withholding tax. Member States which operate a withholding tax agree to transfer an appropriate share of their revenue to the investor's state of residence.
- c) In order to preserve the competitiveness of European financial markets, as soon as agreement has been reached by the Council on the substantial content of the Directive and before its adoption, the Presidency and the Commission shall enter into discussions immediately with the US and key third countries (Switzerland, Liechtenstein, Monaco, Andorra, San Marino) to

promote the adoption of equivalent measures in those countries; at the same time the Member States concerned commit themselves to promote the adoption of the same measures in all relevant dependent or associated territories (the Channel Islands, Isle of Man, and the dependent or associated territories in the Caribbean). The Council shall be informed regularly on the progress of such discussions. Once sufficient reassurances with regard to the application of the same measures in dependent or associated territories and of equivalent measures in the named countries have been obtained, and on the basis of a report, the Council will decide on the adoption and implementation of the Directive no later than 31 December 2002, and do so by unanimity.

d) The Commission shall report regularly on Member States' experience with the application of the systems referred to under point b) above, as well as on international developments concerning the access to bank information for tax purposes. When the Council decides on the adoption and implementation of the Directive on the basis of paragraph c), with the consequences that follow for dependent or associated territories, any Member State operating a withholding tax shall agree to implement exchange of information, as soon as conditions permit, and in any case, no later than seven years after the entry into force of the directive.

3. Work shall be pursued on this basis with a view to reaching agreement on the tax package as a whole, according to a parallel timetable for the key parts of the package (Taxation of savings, Code of Conduct (Business Taxation) and Interest and Royalties).

4. The Council further took note of the statements for the Council minutes as set out in the Annex.

ANNEX

Statements for the Council minutes

re. taxation of savings

- 1) All Member States expect a resolution to the outstanding issues below before the Council adopts the Directive.
- 2) The Representatives of the Governments of the Member States, meeting within the Council, agree that no derogation from the exchange of information requirement shall be granted in enlargement negotiations with accession countries.
- 3) The Council and the Commission commit themselves to seeking agreement on the substantial content of the Directive, including on the rate of the withholding tax, by the end of the year 2000.
- 4) The Council states that the reference to unanimity under point 2.c) is without prejudice to the outcome of the IGC.
- 5) The Council notes that Austria and Luxembourg may operate the withholding tax during the transition period. Belgium, Greece and Portugal will inform the Council of their position before the end of the year 2000.
- 6) Luxembourg considers that the "equivalent measures" as well as the "same measures" referred to in paragraph c) also include the implementation of exchange of information as foreseen in the last sentence of paragraph d).
- 7) Denmark, France, Finland, Germany, Ireland, Italy, the Netherlands, Spain, Sweden and the United Kingdom expect that the rate of the withholding tax will be at least 20-25 percent, and it is their view that exchange of information should be introduced within 5 years after the adoption of the directive.
- 8) The Austrian government accepts the OECD report "Improving Access to Bank Information for Tax Purposes" but cannot, at this stage, for constitutional reasons, accept a move to drop banking secrecy for non-residents.

As the Directive will apply only to non-residents, Austria can retain its final withholding tax for residents and its present banking legislation as far as domestic residents are concerned.

ANNEX V

COMMON STRATEGY OF THE EUROPEAN UNION ON THE MEDITERRANEAN REGION

THE EUROPEAN COUNCIL,

Having regard to the Treaty on European Union, in particular Article 13 thereof,

PART I

VISION OF THE EU FOR THE MEDITERRANEAN REGION

1. The Mediterranean region is of strategic importance to the EU. A prosperous, democratic, stable and secure region, with an open perspective towards Europe, is in the best interests of the EU and Europe as a whole.
2. The Mediterranean region continues to be faced with political, economic, judicial, ecological and social challenges. If these complex and diverse challenges are to be overcome, the EU and the Mediterranean Partners must work together with a common vision, sensitivity and mutual respect.
3. The EU's Mediterranean policy is guided by the principle of partnership, a partnership which should be actively supported by both sides. The EU will work with its Mediterranean Partners to: develop good neighbourly relations; improve prosperity; eliminate poverty; promote and protect all human rights and fundamental freedoms, democracy, good governance and the rule of law; promote cultural and religious tolerance; and develop cooperation with civil society, including NGOs. It will do so by supporting the efforts of the Mediterranean Partners to attain the goals set out by the Euro-Mediterranean Partnership, by using its bilateral relations to pursue these objectives, and by contributing to the creation of a peaceful environment in the Middle East.
4. This Common Strategy builds on the Euro-Mediterranean Partnership established by the Barcelona Declaration and its subsequent acquis, the Berlin Declaration and the European Union's long-standing policy towards the Mediterranean with its bilateral and regional components.
5. The EU is convinced that the successful conclusion of the Middle East Peace Process on all its tracks, and the resolution of other conflicts in the region, are important prerequisites for peace and stability in the Mediterranean. Given its interests in the region and its close and long-standing ties with its constituent countries, the Union aspires to play its full part in bringing about stability and development in the Middle East. The cooperation that has already been initiated in the framework of the Barcelona Process is a determining factor in laying the foundations for after peace has been achieved. The Union will therefore support the efforts of the parties to implement the peace agreements. In this regard the adoption of the Euro-Mediterranean Charter for Peace and Stability, an objective which predates the adoption of this strategy, should be a deciding factor in the post-conflict process in the Mediterranean.
6. Bearing in mind the vital importance of the Mediterranean region to the EU, and with a view to further strengthening its Mediterranean dimension, the European Council adopts this Common Strategy. It covers all the EU's relations with all its partners in the Barcelona Process, and with Libya. But it does not include the EU's bilateral relations with those Mediterranean countries which are candidates for EU membership, since those relations are covered by the Accession Process. While the European Union will continue to play its full role in the Middle East Peace Process according to its acquis including the Berlin Declaration, this Common Strategy will cover the EU's contribution to the consolidation of peace in the Middle East once a comprehensive peace settlement has been achieved.

PART II

OBJECTIVES

7. The European Union has the following goals in its policy towards the Mediterranean region:
 - to make significant and measurable progress towards achieving the objectives of the Barcelona Declaration and its subsequent acquis, i.e.:
 - to establish a common area of peace and stability through a political and security partnership,
 - to create an area of shared prosperity through an economic and financial partnership,
 - to establish a partnership in social, cultural and human affairs: developing human resources, promoting understanding between cultures and exchanges between civil societies;
 - to promote the core values embraced by the EU and its Member States – including human rights, democracy, good governance, transparency and the rule of law;
 - to encourage and assist Mediterranean partners with the process of achieving free trade with the EU and among themselves in the terms of the Barcelona Declaration, economic transition and attracting increased investment to the region;
 -

to strengthen cooperation in the field of Justice and Home Affairs, as outlined by the Tampere European Council;

- to pursue, in order to fight intolerance, racism and xenophobia, the dialogue between cultures and civilisations.

8. As far as security matters are concerned, the EU intends to make use of the evolving common European policy on security and defence to consider how to strengthen, together with its Mediterranean Partners, cooperative security in the region.

9. The Union has already played an active role in the past in the efforts to establish a just, comprehensive and lasting peace in the Middle East and to bring about stability and development in the region. It regards the cooperation that has already been initiated in the framework of the Barcelona Process as a determining factor in providing a foundation on which to build once peace has been achieved. Within the framework of this common strategy, and taking its paragraph 6 into account, the European Union sets itself as objectives:

- to promote conditions which will help the parties implement agreements concluded among themselves;
- to develop the basis for normal good-neighbourly relations and encourage the parties to engage in regional cooperation;
- to contribute to the consolidation of peace in the region, including economic integration and mutual understanding between civil societies.

10. To increase the effectiveness, impact and visibility of EU actions and initiatives in the region, the following general objectives will be pursued:

- to enhance coordination, coherence and complementarity and ensure synergies between the different existing regional and subregional activities, instruments and interventions of the EU and its Member States;
- to ensure complementarity of the EU's Mediterranean policy with EU policies concerning other partners.

PART III

AREAS OF ACTION AND SPECIFIC INITIATIVES

11. The EU will, together with its Mediterranean Partners, undertake a comprehensive review of the Barcelona Process with the aim of reinvigorating the Process and making it more action-orientated and results-driven.

12. The European Union will endeavour to pursue the following specific initiatives, without precluding possible new initiatives, which could, where appropriate, take account of the specific situations and needs of the countries, regions or sub-regions concerned.

Political and security

13. The EU will strengthen the political and security-related dialogue with its Mediterranean partners at all levels: bilaterally with individual Mediterranean partners; in the Barcelona framework, including the Euro-Mediterranean Charter for Peace and Stability after its entry into force; and in other multilateral contexts to:

- identify common ground on security issues aiming at establishing a common area of peace and stability;
- elaborate partnership-building measures, notably by promoting regular consultations and exchanges of information with its Mediterranean Partners;
- provide timely and appropriate information on initiatives that could be of concern to other Mediterranean Partners;
- reinforce cooperation against global challenges to security, such as terrorism, organised crime and drug trafficking;
- cooperate on possible arrangements for conflict prevention, crisis management and post-conflict rehabilitation including the encouragement of the peaceful settlement of conflicts and disputes, including by judicial means;
- explore possibilities to address problems of anti-personnel landmines in the Mediterranean region through cooperation in mine action, including mine clearance, mine awareness and victim assistance, with a view to promoting the objectives of the Ottawa Convention;
- promote the signature and ratification by Mediterranean Partners of all non-proliferation instruments, including the NPT, CWC, BWC and CTBT;
- pursue a mutually and effectively verifiable Middle East zone free of weapons of mass-destruction, nuclear, chemical and biological, and their delivery systems.

In this context, the EU will take into account further developments of the Common European Security and Defence Policy.

Democracy, Human Rights and the Rule of law

14. In the framework of the Barcelona Process and in its bilateral relations with Mediterranean Partners, the EU will:

- actively promote the strengthening of democratic institutions and the rule of law, in particular through political dialogue and support for judicial reform, institution building, and freedom of expression, notably through the strengthening of the independent media;
- support and encourage efforts to promote good governance;
- stress the importance of promoting and protecting human rights and fundamental freedoms for all including by support for governmental and non-governmental actors in the region through human rights training, monitoring, advocacy and awareness-raising;
- in the context of the UN Charter and the Universal Declaration of Human Rights, urge accession to international human rights instruments including full implementation of civil, cultural, economic, political and social rights without distinction as to race, sex, language or religion;
- take measures to persuade all Mediterranean Partners to abolish the death penalty in accordance with agreed EU guidelines.

Peace in the Middle East

15. The EU will, taking paragraph 6 of this Common Strategy into account,

- provide its expertise, submit ideas and make available its good offices and assistance to the core parties of the Peace Process in order to facilitate the conclusion of peace agreements and help prepare the "post peace era" in the Middle East;
- actively promote progress on the multilateral track of the Peace Process drawing also on synergies with the Barcelona Process. With regard to central issues such as water and refugees, the EU will offer its expertise whenever requested;
- in the context of a comprehensive settlement, and upon request by the core parties, give consideration to the participation of Member States in the implementation of security arrangements on the ground ;
- contribute to the international commitment needed to implement and consolidate peace in the Middle East, notably through support to regional economic cooperation and integration and the expansion of trade flows;
- work towards strengthening stability in the Middle East by means of cooperative security through its contributions to the implementation of the Euro-Mediterranean Charter for Peace and Stability once it is adopted and has entered into force.

Economic and financial

16. The EU will:

- actively work on the implementation of Euro-Mediterranean Association Agreements, notably by further promoting the progressive liberalisation of trade in all areas relevant to the Partners, in the terms of the Barcelona Declaration;
- make every effort to speed up the conclusion and implementation of the remaining Association Agreements;
- support measures to increase the attractiveness of the region to investors, particularly through the creation of a larger market, encouraging the alignment of policies relating to the EU Single Market, improving the regulatory framework, ensuring fair and equitable treatment of investors and raising awareness in the EU of investment opportunities in the region;
- encourage and support sub-regional cooperation, such as within the Arab Maghreb Union, within a framework leading to wider regional cooperation;
- encourage and support efforts by Mediterranean Partners to increase South-South trade, particularly through South-South trade agreements and the progressive harmonisation of rules of origin;
- assist Mediterranean Partners in strengthening their capacity to formulate appropriate trade policies and to participate actively in trade negotiations, in particular with regard to the development of the Euro-Mediterranean Free Trade Area and future negotiations in the WTO;
- encourage the liberalisation of current account payments with a view to full liberalisation of capital movements as soon as possible. It will also promote the euro as the contract and settlement currency for Mediterranean trade;

- support the interconnection of infrastructure between Mediterranean Partners, and between them and the EU, drawing on the experience of Trans-European Networks (TENs) in transport, energy and telecommunications;
- encourage policies enhancing the role of the private sector and the promotion of small and medium enterprises in Mediterranean partner countries, notably export-oriented SMEs, as one of the most effective means of wider job creation;
- ensure that appropriate consideration is given to the objective of creating a market economy with a social dimension, including core labour standards and the promotion of gender equality.

17. The EU will encourage WTO membership by all partners on the appropriate terms.

18. The EU will maximise the impact of financial cooperation through the EU budget, notably MEDA, and the EIB, by the following measures:

- the European Community and the Member States will coordinate their respective financial and development cooperation strategies, programmes and actions in favour of the Mediterranean Partners, and will also work with other donors, to ensure coherence, complementarity and, where appropriate, co-financing;
- the European Union will enhance economic dialogue with Mediterranean Partners, notably in the context of programming of financial assistance, with a view to promoting speedier economic transition, sound fiscal and monetary policies and structural reform;
- the Commission will ensure that other resources from the Community budget available to benefit the Mediterranean partners are used coherently. Improved coordination will be sought with other relevant EU programmes (Fifth R&D Framework Programme confirming the international role of Community research with partners, SYNERGY, LIFE, INTERREG III).

19. The EU will promote better integrated water strategies and water management policies in the Mediterranean region.

Environment

20. The EU will ensure that account is taken of the need to promote better integration of environmental concerns with a view to the sustainability of economic development.

Social and cultural

21. In addition to cooperation within the Euro-Mediterranean Partnership, the EU will:

- take all necessary measures to facilitate and encourage the involvement of civil society
- as well as the further development of human exchanges between the EU and the Mediterranean partners. NGOs will be encouraged to participate in cooperation at bilateral and regional levels. Particular attention will be paid to the media and universities;
- support efforts towards promoting cooperation in social matters, including the promotion of equal opportunities for men and women, and towards strengthening social dialogue;
 - encourage efforts to improve education and vocational training, in particular for youth and women with the objective of enhancing their integration into the labour markets. In this context, regional cooperation will be improved through the exchange of best practices, transfer of know how and capacity-building.

Justice and Home Affairs

22. Building on the acquis of the Barcelona Process and further to the Conclusions of the European Council in Tampere, the EU will:

- act in accordance with the Geneva Refugee Convention and other relevant instruments, and promote full compliance by the Mediterranean partners;
- study the simplification and acceleration of visa issue procedures;
 - promote the identification of correspondences between legal systems of different inspirations in order to resolve civil law problems relating to individuals: laws of succession and family law, including divorce;
 - promote transparency and greater predictability of legal systems in the partners in order to encourage foreign investment, and to encourage lawful migrants to pursue activities in favour of co-development with their countries of origin;
 - ensure that the rules of transfer of profits are liberalised and find solutions avoiding double taxation, particularly for lawful migrants and those with dual nationality;
 - develop effective cooperation mechanisms to fight against illegal immigration networks, including trafficking in human beings,

inter alia through the establishment of readmission arrangements relating to own and third country nationals as well as persons without nationality;

- enter into dialogues with a view to setting up modern and effective border control systems, offering inter alia access to training programmes and exchanges of officials;
- work with Mediterranean Partners to address the question of migration, taking into full consideration the economic, social and cultural realities faced by Partner countries. Such an approach would require combating poverty, improving living conditions and job opportunities, preventing conflicts, consolidating democratic states and ensuring respect for Human Rights;
- develop a common approach to ensure the integration into society of Mediterranean partners' nationals who have been lawfully resident in a Member State for a certain period of time and hold a long-term residence permit, aiming at approximating their legal status in that Member State to that enjoyed by EU citizens;
- exchange information and statistics with the Mediterranean partners on migration flows.

23. The EU will develop further its cooperation with Mediterranean partners to combat organised crime, including drug trafficking and money laundering, in particular through

- assistance in training for members of the judiciary and law enforcement authorities with an emphasis on information on the Union's acquis in the field of organised crime;

•

offering collaboration with Mediterranean Partners to develop the necessary legal, institutional and judicial framework for the effective prosecution of these offences, and to develop cooperation mechanisms to combat cross-border crime.

The EU will continue to encourage Mediterranean Partners to adhere to the UN's international conventions on terrorism, and to follow the principle that the fight against terrorism must be

firmly based on the principles of International Law and the respect for Human Rights.

PART IV

INSTRUMENTS AND MEANS

General provisions

24. This Common Strategy shall be implemented by the EU institutions and bodies, each acting within the powers attributed to them by the Treaties, and in accordance with the applicable procedures under those Treaties.

25. For the aspects of the Strategy falling within the CFSP of the Union, the Secretary General of the Council/High Representative for the CFSP, supported by the Special Envoy for the Middle East Peace Process, shall assist the Council and the Presidency in its implementation and in the implementation of the acts adopted on its basis. Without prejudice to its powers under the TEC, the Commission shall be fully associated in accordance with Articles 18 and 27 TEU.

26. The Council and the Commission shall, in accordance with Article 3 TEU, ensure the consistency, unity and effectiveness of the Union's action. The effectiveness of this Common Strategy will be optimised by ensuring the greatest possible coherence between the various instruments and areas of activity undertaken by the Union, and between the activities of the Union and those of the Member States. The Union will ensure complementarity between its Mediterranean policy and other policies.

27. Member States shall contribute to the objectives of the Common Strategy by making appropriate and coordinated use of all relevant instruments and means available to them. Current arrangements by which Member States recognise states, decide on a state's membership of international organisations, or decide on the maintenance and conduct of bilateral diplomatic and other (such as political, sporting and cultural bilateral relations) will not be affected by this Common Strategy.

The Council, the Commission and Member States

28. The Council, the Commission and Member States shall:

- review, according to their competencies and capacities, existing actions, programmes, instruments, and policies outside the Barcelona Declaration and acts implementing it, to ensure their consistency with this Strategy; and, where there are inconsistencies, to make the necessary adjustments at the earliest review date;
- make full and appropriate use of existing instruments and means as well as all relevant EU and Member States' programmes,

and to develop and maintain to this end an indicative inventory of the resources of the Union, the Community and Member States through which the Common Strategy will be implemented.

Coordination

29. Member States shall make additional efforts to coordinate their actions vis-à-vis the Mediterranean region, including within regional and international organisations such as the Council of Europe, the UN, the OSCE, and the IFIs; such coordination shall take due account of Community competence.

30. Member States participating in other fora, engaging either as their principal objective, or as a collateral activity in activities related to the Mediterranean, shall do so in a way consistent with the objectives of this Common Strategy.

31. The Representatives of the Member States and the Commission in the Mediterranean partners shall take full account of this Common Strategy when coordinating their activities on the ground.

32. The Council, the Commission and Member States shall work towards more effective cooperation with regional and international organisations, and will seek with other like-minded countries to achieve the objectives of the Strategy.

Implementation and review

33. The European Council requests the Council:

- to ensure that each incoming Presidency presents to the Council, in the framework of its general programme, priorities for implementation of this Common Strategy, based on the objectives in Part II and taking due account of the areas of action in Part III;
- to review and evaluate the Union's action under this Strategy and to report to the European Council on progress towards its objectives not less than annually;
-

to review the situation in the Mediterranean region and the state of Mediterranean partners' cooperation in the implementation of this Strategy, and make an assessment in its report to the European Council;

- where necessary, to submit recommendations for amendments to Parts II and III of this Strategy to the European Council.

34. The Commission shall contribute to the above within its competence.

Cooperation with the Mediterranean partners

35. The European Union and its Member States shall work closely together with the Mediterranean partners when implementing this Common Strategy, in particular through the Association Agreements and through the Euro-Mediterranean Committee for the Barcelona Process, including by considering recommendations and concerns expressed by Mediterranean Partners.

PART V

Duration

36. This Common Strategy shall apply from the date of its publication for an initial period of four years. It may be prolonged, reviewed and, if necessary, adapted by the European Council on the recommendation of the Council.

Publication

37. This Common Strategy shall be published in the Official Journal.

European Council Declaration

on the Common Strategy on the Mediterranean region

The Council acts by qualified majority when adopting joint actions, common positions or any other decisions within the scope of Title V of the Treaty on European Union (Common Foreign and Security Policy), on the basis of the Common Strategy.

Acts adopted outside the scope of Title V of the Treaty on European Union shall continue to be adopted according to the appropriate decision-making procedures provided by the relevant provisions of the Treaties, including the Treaty establishing the European Community and Title VI of the Treaty on European Union.

On the occasion of the adoption of the European Union's Common Strategy on the Mediterranean region, the European Council confirms that the European Union will continue to support the efforts of the parties to conclude, and subsequently implement, the peace agreements. In doing so, the European Union will base itself on the principles set out in the Declaration made by the European Council in Berlin, March 1999.

It invites the Council, assisted by the Secretary-General/High Representative for the CFSP with the help of the EU Special Envoy for the Peace Process, and the Commission to consider what support the Barcelona Process can lend to stability in the Middle East, to work on enhancing the visibility of the Union and to put forward concrete initiatives for promoting regional development in the "post-conflict" framework. A report on these issues will be submitted to the European Council.

ANNEX VI

European Council Declaration on Ethiopia-Eritrea

The European Council welcomes the conclusion in Algiers of the agreement on the cessation of hostilities between Ethiopia and Eritrea. It expresses its warmest congratulations to the current Chairman of the Organisation for African Unity, Mr Abdelaziz Bouteflika, on the achievement of this important result with a view to a comprehensive agreement on the implementation of the peace plan proposed by the OAU with the support, together with the United States, of the European Union through the Presidency's special representative, Senator Rino Serri.

Taking into account the decisions of the United Nations, the implementation of the peace settlement will have a positive impact on the stability and the development of the entire region.

ANNEX VII

**DOCUMENTS SUBMITTED TO THE
SANTA MARIA DA FEIRA EUROPEAN COUNCIL**

- Presidency report on the Intergovernmental Conference
(*CONFER 4750/00*)
- Presidency report on strengthening the common European Policy on Security and Defence
(*9149/00*)
- Council report on the Broad Guidelines of the economic policies of the Member States and the Community
(*9164/00*)
- Commission Report: Progress on financial services
(*8924/00*)
- Council (ECOFIN) conclusions on the Commission report on the implementation of the Action Plan for financial services
(*9280/00*)

- EIB Innovation 2000 Initiative
(9180/00)
 - Commission Action plan: "e-Europe 2002 – An information society for all"
(9097/00)
 - Progress report by the High Level Working Party on strengthening cooperation for modernising and improving social protection
(8634/00 COR 1 (en) COR 2 (gr))
 - Contribution of the Council (Employment and Social Policy) on the follow up of the Lisbon European Council
(9353/00)
 - Presidency report on the White Paper on Food Safety
(8899/00)
 - Council (Fisheries) report on integrating environmental issues and sustainable development into fisheries policy
(9386/00)

 - EU-Action Plan on Drugs 2000-2004
(9283/00)
 - Priorities and objectives of the European Union for external relations in the field of Justice and Home Affairs
(7653/00)
 - Council Report on the Common Strategy on Russia
(9405/00)
 - Common Strategy on the Mediterranean
(9404/1/00 REV 1)
 - Report on the Western Balkans presented to the European Council by the Secretary General/High Representative together with the Commission
(3166/3/00 REV 3)
 - Action plan for the Northern Dimension with external and cross-border policies of the European Union 2000-2003
(9401/00)
-