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The Union in 2004: Seizing the Opportunities of the Enlarged Union

The Irish and Dutch Presidencies which will be taking office in 2004 jointly propose the following operational programme to set out and organise the work of the Council for 2004.

The purpose of this programme is to provide continuity and set out the challenges which must be addressed in 2004, building on the work of the Greek and Italian Presidencies during 2003.

With a new European Parliament and Commission taking office during the year, it is necessary that the Council prioritises and focuses its 2004 legislative programme, so that its goals are achieved within the shorter timeframe available.

The Council will pursue its legislative programme working closely with the European Parliament and taking into consideration the Commission's APS and Legislative and Work Programme.

As part of the effort to bring the EU closer to its citizens, the Irish and the Dutch Presidencies will carry out the work of the Council in as transparent a manner as possible.

INDEX

The Union in 2004: Seizing the Opportunities of the Enlarged Union	1
The IGC and institutional reform	4
Making a success of enlargement.....	4
Future Financial Perspective.....	5
Delivering and strengthening existing policy	6
I. TAKING FORWARD THE EUROPEAN DEVELOPMENT MODEL THROUGH THE LISBON AGENDA.....	7
The Lisbon Agenda	7
A. Economic Policy Coordination, Taxation and Financial Services	9
A.1. Economic Policy Coordination.....	9
A.2. Financial Services	10
A.3. Taxation issues.....	11
B. More Effective Markets and Economic Reform	12
B.1. Stimulating the competitiveness of EU Enterprise.....	12
B.2. Internal Market for Services.....	12
B.3. Research, Knowledge, Innovation and Education.....	13
B.4. Telecommunications and Information Society	15
B.5. Energy.....	16
B.6. Nuclear.....	16
B.7. Chemical Policy	16
B.8. Consumers.....	17
B.9. Company Law.....	17
B.10. Customs	17
B.11. Transport	18
C. Consolidating the Social Dimension in an enlarged Union.....	21
C.1. Promoting social cohesion in an enlarged Union	21
C.2. Employment.....	22
C.3. Health and Safety at Work	22
C.4. Employment rights and working relations	23
C.5. Social Protection	23
C.6. Equality and non-discrimination	24
C.7. Health.....	24
C.8. Youth and Culture	25
Youth	25
Culture	26
Sports	26

D. Ensuring sustainable development	26
D.1. Environment	26
D.2. Flooding	28
D.3. Territorial development	29
D.4. Agriculture and Food Safety.....	29
D.5. Fisheries	30
II. CREATING AN AREA OF FREEDOM , SECURITY AND JUSTICE	31
E. Asylum and Immigration.....	31
F. Integration	33
G. Police Cooperation in Criminal Matters (including Organised Crime and Terrorism)	33
H. Judicial Cooperation in Criminal Matters	34
I. Drugs	35
J. Cooperation in the field of civil law	36
L. External Aspects.....	36
M. Civil Protection.....	37
N. Citizens and Administration	37
III. WORKING TOWARDS A BETTER WORLD.....	38
O. Taking up global responsibilities	38
O.1. The Union's engagement with the wider world	38
O.2. Developing European Security and Defence Policy.....	39
P. Building up international multilateral cooperation	41
P.1. United Nations	41
P.2. Human Rights.....	41
P.3. Development	42
P.4. Multilateral Trade Policy.....	43
P.5. Non-proliferation and disarmament	44
Q. Extending the area of peace and security	45
Q.1. Western Balkans	45
Q.2. Relations with Russia and the Wider Europe / New Neighbours Initiative	46
Q.3. Southern Caucasus and Central Asia	47
Q.4. EU Cooperation with OSCE and Council of Europe	47
Q.5. Middle East Peace Process and the Mediterranean region	47
R. Deepening cooperation with key partners	48
R.1. Transatlantic relations	48
R.2. Africa	49
R.3. Latin America and Caribbean.....	49
R.4. Asia	50

2004 is a turning point for the European Union. Two milestone events taking place in 2004 will shape the future of the Union. Ten new Member States will accede to the Union. Work on the new Constitutional Treaty will be completed. It will provide the Union with the basis for its effective and successful development. In addition, in 2004 discussions will start on the new Financial Perspective which will determine the financial landscape of the Union up to 2013.

Against this background, the key strategic priority for the Council in 2004 is that the Union continues to function effectively while integrating successfully the new Member States.

The IGC and institutional reform

The Thessaloniki European Council concluded that the Intergovernmental Conference on the Constitutional Treaty should complete its work as soon as possible and in time for it to become known to European citizens before the European Parliament Elections in June 2004. The Council will work to ensure that the Treaty is completed in line with the timelines set out at Thessaloniki.

[p.m.: to be updated]

The Irish and Dutch Presidencies stress that it is essential that the conclusion and ratification of the new Treaty proceeds as quickly as possible with a view to its early entry into force and putting into place of the new structures and mechanisms. In this context, during 2004 the Council will begin to undertake the necessary preparatory work so that the new Treaty can be implemented smoothly as from its entry into force.

Making a success of enlargement

The Council will work to ensure the smooth integration into the Union of the ten new Member States on 1 May 2004. Monitoring the progress of the acceding countries with respect to the adoption and implementation of the *acquis* will continue until accession. At the same time programmes in all policy areas will be extended and adapted so as to integrate fully the new Member into existing strategies and processes.

The accession of the Republic of Cyprus to the European Union on 1 May 2004 continues to provide the context for agreement on a comprehensive settlement on the basis of the UN Secretary General's proposals. The Council will support the efforts of the Secretary General and will encourage all parties to re-engage in the negotiating process with a view to agreeing a settlement which would enable the accession of a united Cyprus.

At Thessaloniki the European Council reiterated that Bulgaria and Romania form part of the ongoing enlargement process and that the Union is committed to supporting their aim of concluding accession negotiations in 2004 with a view to acceding to the Union in 2007. Accession negotiations with Bulgaria and Romania will therefore be an important aspect of the Council's work in 2004. The Council will also continue to support Turkey's efforts to fulfil the Copenhagen political criteria. The revised Accession Partnership will provide the basis for relations with Turkey with a view to the decision to be taken by the European Council in December 2004 on the opening of accession negotiations.

Future Financial Perspective

The Union's present financial perspective will expire in 2006. Negotiations on the next financial perspective, together with a review of relevant policies and legislative instruments must be concluded no later than by the end of 2005.

The complexity of these negotiations and the need to agree the new financial framework in good time to enable planning and programming of the Union's activities to proceed, means that negotiations will need to be kept to a strict timetable. Following discussion of the Commission communication, the expectation is that the Commission, including the Commissioners from the new Member States, will present its entire package of financial and legislative proposals at the latest in early July 2004. Work within the Council will aim at reaching decisions by the European Council in December 2004 on principles and guidelines enabling the Union to achieve political agreement by the June 2005 European Council and final adoption by the end of that year.

Delivering and strengthening existing policy

Complementing the major processes of enlargement and Treaty Reform, the Council should continue in 2004, to ensure that the Union continues to grow and develop as a Community of values, providing security and a high quality of life for its peoples, while assuming its responsibilities towards the wider world.

The Union has made important progress in giving additional strength and internal cohesion to its policies through the development of strategic approaches. The three key strategies broadly underpinning Union policy for achieving its objectives in 2004 are:

- the Lisbon Agenda, which sets out a strategy that aims to promote economic growth, foster competitiveness and job creation, and advance structural and regulatory reform, while ensuring the effective integration of environmental sustainability and social cohesion. The Council's overall approach will prioritise implementation, closing the delivery gap and reducing administrative burdens and red tape;
- the Tampere programme for the creation of an Area of Freedom, Security and Justice, which provides a focus for the Union's work in the area of Justice and Home Affairs. Work will be taken forward on that programme during 2004 with particular reference to measures which the Treaty of Amsterdam requires to be in place by May 2004. Work will also commence on the development of the follow-up to the Tampere agenda during the second half of 2004 on the basis of an evaluation by the Commission expected for the first half of the year;
- the development and improvement of the Union's foreign policy instruments in the context of the EU Security Strategy so that it can fully assume its responsibilities in the wider world. Against this background, the Union during 2004 will work towards developing further a coherent strategic approach as well as the appropriate capabilities for managing its external relations with a view to making a substantial positive contribution to global affairs.

Other essential areas of work for the Council in 2004 include the implementation of the reform of the Common Agricultural Policy, the achievement of a genuinely sustainable fisheries policy, and the negotiations for the completion of the WTO Doha Development Agenda.

I. TAKING FORWARD THE EUROPEAN DEVELOPMENT MODEL THROUGH THE LISBON AGENDA

The Lisbon Agenda

It will be crucial for the Council to press forward with the economic, social and environmental reforms set out at Lisbon and further developed at subsequent meetings of the European Council. Successful implementation by all Member States of the remaining reforms set out in the Lisbon Agenda is critical to reinvigorating the European economy and strengthening its ability to take full advantage of the economic upturns.

The Spring European Council will provide an opportunity to review the Lisbon Agenda so as to give new impetus to the reform goal set in 2000 and to secure the commitment of all Member States to achieving real progress in a number of core areas over the coming year. It will provide an opportunity for a focused discussion by Heads of State and Government on specific areas of the Lisbon Agenda which are critical to the realisation of the overarching Lisbon goal. This approach will also enable Heads of State and Government to review the record of achievement, the measurable differences that have come about as a result of the Lisbon Strategy and to identify those reforms requiring implementation in advance of the 2010 deadline.

In order to measure and assess performance of Member States in the distinctive policy areas, work will continue to construct comparable indicators and underlying statistical information.

Issues being considered for possible prioritisation include:

- **Promoting growth-oriented economic policies:** priority will be attached to encouraging investment in physical and human capital, including research and development, while seeking to maintain macroeconomic stability and to continue the structural reform of product, capital and labour markets.

- **Fostering competitiveness as the key to generating and maintaining growth and employment:** Work in this area will centre on ensuring that the impact of new Community policies is assessed appropriately and that progress is made on the internal market for services.
- **Delivering more and better employment:** Work in this area will focus on implementing the employment guidelines and the Broad Economic Policy Guidelines, for which the recommendations of the Employment Task Force will be of particular relevance. Particular challenges in this area include promoting effective adaptation to change by workers and companies, in particular through social dialogue, and prioritising life long learning and gender equality in the workforce. The adoption of amendments to Regulation 1408 next year is intended to simplify and modernise the provisions protecting the social security rights of workers moving within the Union, with the objective of enhancing worker mobility.
- **Ensuring sustainable growth:** priority will be attached to advancing the Environmental Technologies Action Plan and the contribution of environment to the Lisbon goals is worth further exploration.

The 2004 Spring European Council will also prepare for the mid-term evaluation of the Lisbon strategy which will take place in 2005 under the Luxembourg Presidency.

Successful implementation of the goals set out at Lisbon in 2000 will require the contribution and cooperation of the European Social Partners. In view of the importance to the Lisbon Agenda of the creation of social dialogue across all sectors, the social partnership process will be promoted by the European Council as a mechanism for advancing significantly the reform process established at Lisbon.

Many of these issues are developed further in the draft programmes set out below, providing a strategic focus to all Community policies in line with the objectives set out in the Lisbon process.

A. ECONOMIC POLICY COORDINATION, TAXATION AND FINANCIAL SERVICES

A.1. Economic Policy Coordination

Continued macro-economic stability and structural reform remain central to the Union's ability to take advantage of the expected global economic recovery and to realise fully the economic benefits of enlargement.

In the lead up to the Spring European Council, ECOFIN meetings will examine Member States' Stability and Convergence programmes. ECOFIN will work on the preparation of the Key Issues Paper (economic and financial aspects) for the Spring European Council, focusing on selected priority areas which can give renewed impetus to the Lisbon process. The Key Issues Paper will also provide input for the update of the BEPG in 2004. The Irish and Dutch Presidencies will continue to stress the importance of compliance with the Stability and Growth Pact and of close monitoring of the budgetary situation in the Member States.

The Council will facilitate the acceding countries with regard to their integration into the EU's economic policy co-ordination multilateral surveillance and Lisbon processes. In the area of multilateral surveillance the acceding countries will be invited to present fiscal notifications by 1 March 2004 and convergence programmes by May 2004. The European Commission will prepare specific BEPGs for the new Member States and they will be included in the Commission's Convergence report.

Immediately upon accession, the new Member States will have to treat their exchange rate policy as a matter of "common interest". Furthermore, in view of the final objective of adopting the euro, accession countries are expected to join ERM-II at some point following accession. While participation in the exchange rate mechanism is voluntary for the Member States outside the euro area, some accession countries have already expressed their intention to join the mechanism as soon as possible after their entry into the EU. Application of the new Member States for membership of ERM-II will be expected in 2004. The first convergence programmes will also be discussed.

Apart from the above themes, there will be a substantial ongoing programme of economic reform. Macro-economic dialogue with the social partners on promoting macro-economic conditions conducive to non-inflationary growth and employment will also be pursued by the Council.

The Presidencies will draw particular attention to the subjects of ageing and the sustainability of public finances. Furthermore, they will promote the adoption of Council conclusions regarding integrity and money laundering.

A.2. Financial Services

As the Financial Services Action Plan is due to be fully implemented by 2005, the Council will need to give priority to the following elements still outstanding in 2004:

- the Take-over bids Directive, [**p. m.: to be updated**]
- the Transparency Directive,
- the revision of the Investment Services Directive (now renamed the Financial Instruments Markets Directive).

Both the Irish and Dutch Presidencies will also give full attention to achieving progress on a proposal for a new Capital Adequacy Directive, which is expected to be submitted by the Commission before mid 2004 and to the Company Law (Mergers across Borders) Directive which has recently been published.

Regarding the extension of the Lamfalussy framework to the whole of the financial services area, the Council will actively work on the proposal for a Directive to amend the existing Committee architecture in the banking, insurance and UCITS sectors.

Real and timely progress must be made on a number of non-FSAP initiatives which are either currently under negotiation, or are awaited under the Commission's latest work programme, i. e.:

- the Consumer Credit Directive,
- the Reinsurance Directive,

- the Third Money Laundering Directive,
- the modernisation of the Eight Company Law Directive.

A.3. Taxation issues

In the area of direct taxation, it is expected that there will be outstanding issues in the taxation of savings area regarding the conclusion of satisfactory arrangements with certain third countries so as to ensure the application by Member States of the provisions of the Taxation of Savings Directive. The Presidency will try to ensure that these outstanding issues are resolved in a timely fashion. There may also be outstanding issues in relation to the Interest and Royalties Directive.

Other issues which are expected to be still under consideration by the Council in 2004 are:

- a proposal for a Directive to amend Directive 90/434/EEC on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States.

Regarding indirect taxation, work will also be carried out on the proposal on the place of supply of services, the recast of the Sixth VAT Directive and possibly on the Directive amending Directive 77/388/EEC as regards the rules governing the right to deduct VAT (cross border deduction).

The Council has called on the Commission to bring forward a proposal on Annex K and this will be progressed when received.

Work may also be carried out in the latter half of 2004 on the Commission's proposal for a Directive on reduced VAT rates and on possible proposals on the simplification of obligations (one stop including review of place of taxation for goods and small business scheme) and on the rationalisation of derogations in order to prevent certain types of tax evasion/avoidance.

As regards excises, work will be progressed on the expected proposal for a directive concerning mutual assistance in this area. Further, work may be carried out later in the year on possible proposals as regards Directive 92/12/EEC (EMCS and article 7 to 10) and a Commission Communication on alcohol.

B. MORE EFFECTIVE MARKETS AND ECONOMIC REFORM

B.1. Stimulating the competitiveness of EU Enterprise

Competitiveness is key to maintaining and generating growth and employment. Building on the achievements of the Greek and Italian Presidencies in 2003, the Competitiveness Council will continue to develop an integrated strategy for competitiveness. The Council will also pay close attention to the regulatory framework, especially to the Commission's impact assessments of major emerging policies, which are likely to affect the competitiveness and performance of industry and enterprise in general, which will involve close cooperation across different formations of the Council.

The completion of the internal market, in particular in the area of services, better regulation, the reduction of administrative burdens, the reduction of the transposition deficit and the effective implementation of EU legislation are integral to this process. Agreement on the draft Regulation on Control of Concentrations between Undertakings (EC merger Regulation) should also be reached before the Spring European Council. The Action Plan on Better Regulation will be evaluated in 2004.

B.2. Internal Market for Services

Services account for 70% of GDP in the EU and for approximately 70% of employment. The internal market for services now requires immediate and concerted attention so that business and consumers can benefit from wider choice and better and cheaper services. The Commission report *The State of the Internal Market for Services* forms the foundation of work for the second stage of the Services Strategy, i.e. to propose measures to eliminate the barriers identified, on which the Council should advance significantly during 2004. In this context the Council should aim to adopt a common position on the draft Framework Directive on Services expected at the end of 2003.

B.3. Research, Knowledge, Innovation and Education

The Council will work to reach agreement on the actions needed, based on Action Plans to be proposed by the Commission, to stimulate innovation and entrepreneurship within the EU, capitalising on EU-wide investments in research and development, in order to encourage the development of new businesses and new areas of economic activity. In this context, the Council will examine the Action Plan/White Paper on entrepreneurship, with particular attention being given to the role of SMEs, as well as the proposal for the revision of the Multiannual Programme (MAP) for enterprise and entrepreneurship. The Council is committed to achieving progress on intellectual property issues to create an environment that encourages businesses to further invest in R&D. In this context the proposal for a Regulation on the Community patent is likely to be finally adopted in 2004, including the necessary jurisdictional arrangements.

The Council will continue to emphasise the importance of research and innovation policies. The Presidencies will prioritise the further development of a European Research and Innovation Area (ERA) by supporting greater co-ordination among Member States, in particular by the use of the open method of coordination (omc) and benchmarking as well as the opening up of national programmes and actions to encourage greater mobility of researchers. In this context, discussion will be renewed on the evaluation of the new instruments for the Sixth Framework Programme with a view to future discussions on the Seventh Framework Programme. Following the publication of the Action Plan to achieve a target of 3% of GDP devoted to investment in R&D and innovation and the subsequent Council Resolution, the follow-up and implementation of the Action Plan will be a significant feature of the Council's work in 2004. The link between public research centres, business and technology platforms will be strengthened. Conferences on science organised by scientific and business organisations brought together under the name "The European Knowledge Society" will contribute to ERA.

On the basis of communications, to be proposed by the Commission, the Council will seek to facilitate discussion on excellence in basic research in Europe and the role of the EU and its structures in fundamental/basic research.

The Council will also undertake follow-up work to the Commission' White Paper on EU Space Policy, while ensuring the necessary coordination with initiatives being taken in Aerospace and in security related research. The reinforcement of relations with ESA via the recent Framework Agreement (ESA/EC) will play an important role in this respect. A joint EU-ESA Space Council will be held in 2004.

Moreover, the Council in the interest of improving competitiveness will make progress on the role of women in science and mainstreaming in general. Discussions are likely to continue on the proposed revision of the Specific Programme on integrating and strengthening ERA (Bioethics issues). Finally, the Council will continue its work relating to the establishment of the International Thermonuclear Experimental Reactor (ITER).

In the Education area the Council will implement the Lisbon strategy and its three overarching objectives:

- facilitating the access of all to education and training systems, including vocational training;
- increasing the quality and effectiveness of education and training systems in the European Union, including through the use of benchmarking;
- promoting the European dimension in education and mobility of students as well as opening up education and training systems to the wider world.

Discussions on the new generation of European education and training programmes (Leonardo and Socrates) will also feature on the Council's agenda, as well as the cultural aspects of education.

The Council will report to the Spring European Council on the progress of this work.

B.4. Telecommunications and Information Society

Information Communication Technologies are critical drivers of economic growth and prosperity in an enlarged Europe. An assessment of the state of the information and communications technologies market is due in advance of the Spring European Council. The Council will build on and develop existing initiatives to extend the information society for all by:

- a follow-up assessment of the information communication technologies market which will be submitted to the Spring Council;
- reviewing the *e*Europe Action Plan (a mid-term review is scheduled in advance of the Spring Council). The *e*Europe Action Plan aims to harness the untapped potential of the information society to improve productivity and the quality of life;
- further enhancing the European Union's strategies for network and information security by securing the establishment of the European Network and Information Security Agency;
- furthering the proliferation of the information society at an international level through follow-up actions arising in the context of the WSIS (World Summit on Information Society);
- adopting the Decision on Interoperable Delivery of pan-European *e*Government Services to Public Administrations, Businesses and Citizens (IDABC), which aims at identifying, supporting and promoting the developments and establishment of pan-European *e*Government Services and the underlying interoperable telematic networks;
- adopting the Decisions on the content-related programmes, *e*Content II and Safer Action Plan II, as follow-ups to previous programmes on these issues;
- giving full attention to the forthcoming proposals from the Commission on interactive digital TV standardisation.

B.5. Energy

Securing reliable, efficient and sustainable energy is vital for ensuring the sustainable development of the European economy. The Council's priorities in the energy sphere will concentrate on three main themes:

- completion, consolidation and effective functioning of the internal market in energy, notably as regards the cross border regulation on gas and the infrastructure and the 10% objective for interconnections set in Barcelona;
- the further integration of sustainable development principles into the Union's energy policies, notably, the "eco-design" proposal and the follow-up to the energy aspects of the WSSD. This will be achieved through encouraging and supporting the use of renewable energy sources, coupled with increased efficiency and conservation of energy; particular focus will be given to the outcome of the Renewable Energy Conference in Bonn in June. In this context ensuring security and safety of all energy sources will be essential;
- ensuring a reliable energy supply for the Union, in particular through cooperation and dialogue with the major third country energy suppliers of the Union.

B.6. Nuclear

The Council will continue to develop consensus on the matters under consideration in the Working Party on Atomic Questions, including making progress on nuclear safety.

B.7. Chemical Policy

The Council will continue work initiated under the Italian Presidency on the proposal for a Regulation on Chemicals, which proposes the REACH system for registration, evaluation and authorisation of chemicals. The aim is to achieve an effective balance between economic, social and environmental considerations.

B.8. Consumers

Consumer protection is essential for consumer confidence and can contribute to the growth of cross-border trade. The rapid development of *e-commerce* and the enlargement of the EU underscore the need to improve enforcement cooperation among Member States.

The Council will:

- work to achieve progress in the examination of the proposed Regulation on Enforcement Cooperation between national authorities as well as on the proposed Framework Directive on Unfair Commercial Practices;
- seek to significantly advance examination of the draft Consumer Credit Directive (amending existing Consumer Credit Directives).

B.9. Company Law

The implementation of the Action Plan on Corporate Governance will be actively pursued by following up the recent Commission proposals in relation to corporate governance, company law and auditing matters. The objective is to make EU capital markets more efficient and also to make investment in EU public companies more attractive to investors across the EU and worldwide.

B.10. Customs

Enlargement and an increased emphasis on security-related customs checks on goods entering or leaving the EU provide the impetus for a number of important developments in EU customs legislation and practice. These developments will be taken in tandem with measures to implement in the customs field the "e-Europe" and "better regulation" initiatives agreed at Seville. These measures will address the need to modernise and simplify customs procedures and promote greater standardisation, integration, and electronic delivery of services by Customs Administrations. This will include the facility for traders to complete their customs formalities on an Internal Market basis. Work on this area is expected to be finalised in 2004.

The Council will also work in 2004 on the proposed Regulations to simplify customs procedures, provide a legal basis for an EU risk management system, and standardise EU frontier controls. Successful negotiations with the US and expected negotiations with Canada on supply chain security will require Council Decisions amending existing EC-US and EC-Canada Customs Cooperation Agreements.

The customs services of EU member states shall reinforce their co-operation with the aim of ensuring adequate protection of the EU's external borders against the illegal import of prohibited goods or goods subject to import-restrictions.

B.11. Transport

The transport sector is a key driver of economic growth and development in the enlarged Europe. The Council will seek to advance towards the development of truly efficient and sustainable transport systems by promoting intermodality and striking a balance between the different transport modes. Continuous efforts will be necessary with a view to achieving an appropriately high level of safety and security in all transport modes. Specific policies for sources of noise and air pollution will need to be set for rail and water transport in order to make these modes sustainable.

The 2004 Presidencies will focus on the following items:

- concerning land transport:
 - reaching agreement on the proposed Directive for charging of heavy goods vehicles for the use of certain infrastructures (amending the existing Eurovignette Directive), and on the proposed Directive on introduction and interoperability of electronic road toll systems;
 - follow-up of the Commission Road Safety Action Programme, including implementation of legislative proposals pertaining thereto;
 - the proposal for a Directive on river information services;

- finalisation of the second railway package and consideration of a possible proposal on a third railway package;
 - exploring the scope for progress as regards the proposed Regulation on public service requirements and the award of public service contracts in passenger transport by rail, road and inland waterway, and as regards the proposed Directive on "weekend bans" (rules for restrictions on heavy goods vehicles involved in international transport on designated roads).
- concerning aviation:
- consolidating the Community's aviation safety policy, building on the foundations laid with the establishment of the European Aviation Safety Agency (EASA);
 - further developing the Community framework for external relations in civil aviation, in particular closely monitoring progress in the negotiations between the EU and the US on the conclusion of an open skies agreement and establishing clear priorities for the opening of such negotiations with other third countries;
 - modernising the economic regulatory framework for air transport in Europe to bring it in line with the latest market and technological developments, where necessary to clarify it and to simplify it;
 - reforming air traffic management in Europe by the completion of the regulatory framework for the establishment of a Single European Sky.
- in the field of maritime transport:
- measures to reduce the risk of marine pollution including the introduction of adequate sanctions;
 - introduction of the International Safety Management Code (ISM Code) into EC law;

- improving the security of ports and of the intermodal chain;
 - in the context of a new "package" of maritime safety measures, enhancing flag State responsibilities and port State control, including the introduction of a reward mechanism, with a view to promoting "quality shipping";
 - measures to stimulate short sea shipping as an alternative for road transport.
- concerning intermodal questions and networks:
- reaching agreement on the guidelines for the development of the Trans-European Transport Network to take full account of the new dimension of the European Union;
 - further developing the European satellite navigation project Galileo:
 - = by clearly defining the conditions and management structures in the perspective of the deployment and operational phase, and
 - = by pursuing the contacts with third countries, more particularly by concluding an agreement with the United States on compatibility and interoperability of the GPS and Galileo systems and by foreseeing cooperation with other interested countries.

C. CONSOLIDATING THE SOCIAL DIMENSION IN AN ENLARGED UNION

C.1. Promoting social cohesion in an enlarged Union

In 2004 preparations will start for a Social Policy Agenda for 2006-2010 as a means for achieving the Lisbon objectives. Socially sustainable economic growth will be pursued by boosting employment while maintaining a high level of social cohesion and protection, including through "making work pay", efficient labour markets, employability, social inclusion and the social and financial sustainability of pension systems. To this end, the Policy Agenda will place the emphasis on quality rather than quantity of regulation, and, where possible, alternatives to regulation will be considered.

The Employment Guidelines and Broad Economic Policy Guidelines have been prepared as an integrated package and the Spring Council will provide the first opportunity to assess the effectiveness of this new streamlined and co-ordinated approach. The two instruments must operate in a consistent way.

The European Employment Task Force, established by the European Council under the chairmanship of Mr Wim Kok, was asked to identify the practical reform measures and key policy changes that will help Member States achieve the employment targets set in Lisbon. The findings of the Taskforce, which reported to the Commission in November 2003, will be an important input for the Spring Council, inter alia, through the Joint Employment and Synthesis Reports.

The Joint Social Inclusion Report to be prepared for the Spring Council will reflect progress and wide-ranging action planned by Member States to combat poverty and to promote social inclusion across the EU for the period to 2005.

Agreement will also be sought at the Spring European Council on important proposals to streamline the various strands of the open method of coordination in the area of social policy. A coherent set of key messages, based on the main strands of the work of the Council, will be prepared for the Spring European Council.

Social dialogue makes an important contribution to promoting more job-intensive economic growth. The social partners have an important role to play in reaching the Lisbon goal, also through the development of a culture of life-long learning, more flexibility in training and education and the promotion of in-company training.

The Irish Presidency will seek to promote closer cooperation with the social partners in facilitating change and helping in the effective transformation of the European economy. To this end it will convene the Tripartite Social Summit in advance of the 2004 Spring European Council.

C.2. Employment

Stimulating economic growth and employment will be a central issue of both Presidencies. In order to meet the Lisbon targets, it is necessary to focus on combining an adequate level of social protection with increased work incentive policies. Furthermore, addressing change and promoting adaptability in the labour market, as well as raising and maintaining skill levels, are specific priorities of the new Employment Strategy. In its new three-year perspective, the Employment Strategy will focus on implementation by the Member States, making full use of the monitoring instruments developed by the Employment Committee.

C.3. Health and Safety at Work

The Irish and Dutch Presidencies will carry forward the new Community strategy on health and safety at work for the 2002-2006 period, addressing the need to consolidate and simplify the *acquis*, promote the implementation of legislation in SMEs and facilitate the exchange of good practices. In 2004 the Presidencies will seek to advance work on:

- the Directive regarding the exposure of workers to the risks arising from physical agents (electro-magnetic fields);
- a revised text regarding the exposure of workers to the risks arising from physical agents (optical radiation).

C.4. Employment rights and working relations

The Presidencies will:

- address the Commission's forthcoming Communication on the implementation of the Working Time Directive;
- follow-up on the expected Commission proposal on data protection with regard to employees.

C.5. Social Protection

A key aim of the two Presidencies will be to work towards finalising the reform of the Regulations on co-ordination of social security systems.

- the Irish Presidency will focus on completing the co-decision procedure for the reform of the Regulation 1408/71 on the coordination of social security systems;
- the Dutch Presidency will start work on the reform of the Implementing Regulation 574/72 EEC.

On the basis of a Commission Communication, the Council will hold an informed political debate on how to achieve the Lisbon employment targets, in particular in relation to the issue of "making work pay". To this end, the Council and the Commission should explore the actions needed to ensure that benefits and employment policy are mutually supportive.

The common challenge for pensions systems in Europe is to ensure long-term sustainability, particularly in the context of an ageing population. Based on the conclusions of the Joint Pension Report 2003, work will advance on the need for reform of national pensions systems, paying particular attention to social protection systems, prolonging working lives and the development of second pillar pensions systems. As part of the groundwork for the review of future direction of work on pensions, the Presidencies will support the work of the Social Protection Committee on the development of pension indicators.

Furthermore, the Dutch Presidency will evaluate the process of policy coordination in the field of social inclusion and pensions, with the aim of providing input into the proposed Commission Communication on streamlining in the field of social protection, scheduled for 2005.

C.6. Equality and non-discrimination

Both the Irish and Dutch Presidencies will focus on the promotion of equality, including through legislation. On-going work will also be pursued on gender mainstreaming and on gender equality indicators. In particular, the Irish Presidency will work on gender mainstreaming in education.

The Dutch Presidency will work towards an EU approach for women of ethnic minorities, including the identification of good practices in areas such as labour market, education, integration into society, sexual self-determination and self-expression. Important aspects will be the inter-relationship between different areas as well as the need to measure and monitor in the light of a deficit of statistical information in a number of these areas. The Dutch Presidency plans to commence discussions based on the Commission Communication on anti-discrimination.

On the legislative front, during 2004 the Council will:

- start work on proposals for a Directive to Combat Discrimination on the grounds of Sex in Areas Outside Employment and Occupation and a Directive consolidating and revising existing Directives in the area of Equal treatment between Men and Women;
- complete work on the revision of the Regulation concerning the Vienna-based European Monitoring Centre on Racism and Xenophobia.

C.7. Health

The Council will seek to finalise work on the following legislative proposals:

- Regulation to facilitate the introduction of the European Health Insurance Card;
- setting up a European Centre for Disease Prevention and Control;

- Directive on Human Tissues and Cells;
- Pharmaceutical Review package;
- Regulation on nutrition and health claims;

and will start work on forthcoming proposals, such as:

- directives on tobacco ingredients, measurement standards, health warnings and batch numbering/tracing;
- ratification of the WHO Framework Convention on Tobacco Control;
- legislative proposals on sweeteners and food fortification;
- Directive on paediatric medicines.

Attention will be given in the context of the Programme of Community Action in the field of public health, to cardiovascular disease as well as to initiating work to create a legislative and information governance framework to underpin the processing and use of health information at Community level ("eHealth"). Work will be pursued on improved patient mobility.

C.8. Youth and Culture

Youth

Future EU cooperation on youth issues will be advanced by progressing work in relation to the Youth White Paper priorities of Research and Voluntary service. With a view to furthering the Youth White Paper objective of injecting a youth dimension to other public policy areas, the Presidency will seek to achieve agreement on a written contribution from the Youth sector to a selected horizontal policy area. Discussions will also be started on a possible new Youth programme.

Culture

In pursuing the Council's work programme for European cultural cooperation, the Council will address the promotion and dissemination of Europe's cultural and linguistic diversity. Discussion on the shape of a post-Culture 2000 programme will commence on the basis of proposals from the Commission. The European Capital of Culture will be adjusted for participation by the new Member States. The Council will evaluate and follow-up the EU-working plan on culture, underlining the importance of cultural heritage, the freedom of movement of collections, and the importance of culture in education.

In the audiovisual sector the Council will begin consideration of the Commission's proposals for new MEDIA programmes and proposals emerging from the process of review of the Television without Frontiers Directive.

Sports

The EU declared 2004 "Year of education through sport" throughout the EU. This will be reflected in the work of the Council with special attention to those sports which strengthen social cohesion.

D. ENSURING SUSTAINABLE DEVELOPMENT

D.1. Environment

The Council will continue to promote the Community's progressive approach to sustainable development, in particular decoupling negative environmental impact from economic growth. In its report to the 2004 Spring Council, the Council will work to ensure that the environmental dimension is integrated into the economic and social objectives of the Lisbon process, having regard to the need to intensify the implementation of the Cardiff process on the integration of environmental and sustainable development concerns into all Community policies. By using the potential of innovation the environmental dimension can contribute strongly to the social and economic dimensions of the Lisbon strategy.

Within the framework of the Lisbon agenda, an important focus must be maintained on the pursuit of the Community's climate policy agenda and the Action Plan for environmental technology, which offers a good starting point for elaborating ways in which the environmental policy can contribute to the Lisbon strategy.

The Council will maintain progress in the key areas of the 6th Community Environment Action Programme: climate change, nature and biodiversity, pollution affecting health and quality of life, natural resources and waste, soil strategy, sustainable use of pesticides and protection of the marine environment. The Council will take notice of the communication on the financing and implementation of Natura 2000. Furthermore special attention will be paid to the Directive on the conservation of wild birds.

Specifically, the Council will *inter alia* work to:

- complete the legislative framework to ensure the effective operation of the Community Emissions Trading Scheme through securing agreement on the proposed Directive on the use of the Kyoto flexible mechanisms;
- improve air quality and protection of human health, by finally adopting the Directive limiting emissions of volatile organic compounds used in paints and varnishes;
- secure final adoption of the Environmental Liability Directive and Directive concerning the quality of bathing water;
- consolidate and update controls on transfrontier movement of waste by reaching political agreement on a proposed Regulation on shipments of waste;
- ensure best practice and minimal environmental impact in managing waste from mining activities by reaching political agreement on the Directive on management of waste from extractive industries;

- safeguard the Union's water sources by achieving political agreement on a proposed Directive on the protection of groundwater from pollution and take forward the work on Strategies against pollution of water;
- improve controls on the use of bio-solids in agriculture by reaching political agreement on the proposed amendment to the Directive on the use of sewage sludge in agriculture;
- implement fully the Aarhus Convention and conclude, on behalf of the Community, the Aarhus Convention;
- contribute to the elaboration of the proposed Regulation on Chemicals.

The Council will maintain the ambitious EU agenda for promoting sustainable development at international level, including through the pursuit of the Plan of Implementation arising from the World Summit on Sustainable Development in Johannesburg in 2002, which reflects the strong role played by the EU in reaffirming commitment to targets in the United Nations Millennium Declaration and other international agreements. Effective preparation for EU representation in relevant external fora will continue to be a priority.

D.2. Flooding

The Dutch Presidency will advance negotiations on the development of an integrated EU approach on flood prevention, prediction and mitigation, taking into account ongoing and envisaged actions in all relevant sectors (such as Environmental Policy, Regional Policy, Research Policy and Agricultural Policy). As well as focussing on facilitating the development and exchange of information and knowledge, this approach may also include a legislative proposal ensuring cooperation on flood prevention and protection in the catchment areas, which is being prepared by the Commission.

D.3. Territorial development

The Dutch Presidency will make efforts to identify the possible policy implications of the territorial impact of enlargement. Territorial development is, even though not an area for EU policy itself, highly influenced by different fields of European policies. This interrelationship will be examined, with an emphasis on sustainability. Insight into this impact is emerging especially from the existing ESPON programme. Particular attention will be given to the implications on the different aspects of urban policy.

D.4. Agriculture and Food Safety

The Common Agricultural Policy was fundamentally reformed in June 2003. It lays down the parameters within which the policy will function from 2005. Any implementation issues that may require action by the Council will be given a high priority by the Presidencies to allow the deadlines agreed in the reform to be respected. The Presidencies are also committed to facilitating the application of the CAP to the new Member States.

The Presidencies intend to advance, and where appropriate conclude, negotiations on the reform of commodity sectors as proposed by the Commission, including olive oil, tobacco, cotton, sugar, hops, fruit and vegetables. The reforms of the market organisations should make EU agriculture more competitive on the international market, while taking into account the incomes of farmers and demands of society (e.g. environmental and food safety concerns). The Action Plan for the development of organic farming expected from the Commission in early 2004 will also be brought to agreement.

Work on the policy framework for rural development to apply during the period of the next financial perspective will be commenced and progressed, within the broader context of discussions on the next Financial Perspective. A greater focus on national priorities and simplification of the policy will be part of the discussions.

The Presidencies will encourage the revival of the WTO Doha Round while pursuing the EU's negotiating objectives in agriculture, in relation both to trade and to non-trade concerns.

Work will continue on the legislative measures set out in the Action Plan on Food Safety annexed to the Commission's January 2000 White Paper on Food Safety. In 2004, the Presidencies will endeavour to reach agreement on the remaining proposals of the so-called "Hygiene Package" and on other food safety measures such as official controls of food and animal feed, feed hygiene, veterinary medicines, and maximum residue levels for plant protection products.

The Presidencies will give animal health (including disease eradication policies for animals and birds) and animal welfare a high priority and will therefore seek to advance the proposals governing animal transport and the identification and registration of sheep and goats. A proposal to protect the welfare of broilers will also be progressed.

D.5. Fisheries

The Council will focus work in both internal and external fisheries policy on maximising and developing sustainable fishing opportunities, through the implementation, in consultation with stakeholders, of conservation and control measures which take full account of environmental, economic and social conditions.

In particular, the Council will focus on the development and implementation of multiannual management and recovery strategies and plans, taking into account the need for effective, consistent and transparent control measures to protect valuable fish stocks. The Council will promote the establishment and functioning of Regional Advisory Councils within the Community and further develop management policies for the Mediterranean Sea in accordance with the Community Action Plan. The Council will also pursue with vigour the development of technical conservation measures. The Council will adopt implementing measures on fixing maximum fishing effort in Western Waters. The Council will move towards a level playing field in the Community fisheries through uniform implementation of the CFP and through the creation of an equal system of enforcement and inspection. Securing and developing the Community aquaculture industry will be a priority.

On external policy, the Council will seek to conclude new fisheries partnerships, in accordance with the adopted Community approach, with third countries (e.g. Angola, Tanzania). Advancing the interest of the Community in Regional Fisheries Organisations with a view to enhancing the roles such organisations play in the sustainable management of international fisheries will also be a key area in 2004.

II. CREATING AN AREA OF FREEDOM , SECURITY AND JUSTICE

The Treaty of Amsterdam makes May 2004 the deadline for the adoption of a range of measures directed to providing citizens with a high level of safety within an area of freedom, security and justice. The requirements set out in the Treaties were further elaborated by the Tampere, Seville and Thessaloniki European Councils.

The key focus in 2004 will be on the delivery of these agreed commitments and is likely to involve a wide-ranging agenda across the full range of the scope of JHA cooperation - asylum, immigration, civil law cooperation, police and judicial cooperation in criminal matters. The Council is also likely to be involved in evaluating the achievements of the Tampere process, with a view to launching a further development of its Justice and Home Affairs policies. Additionally, attention will be given to integrating the ten new Member States in this area.

E. ASYLUM AND IMMIGRATION

A common EU asylum and immigration policy ranks high on the European agenda. Combating illegal migration and trafficking in human beings will be an important priority in 2004. The Council will, in addition, take forward work on the further development of a common asylum and migration policy, building on the legislative programme on minimum norms originating from the Amsterdam treaty.

A number of legislative measures directed to matters which the Treaty of Amsterdam require to be adopted by May 2004 in both the asylum and immigration are and remain under discussion in the JHA Council. Any outstanding measures in this category will be prioritised in view of the May 2004 deadline for their realisation. Other relevant measures include:

- a Directive relating to conditions of entry and residence of third country nationals for the purpose of employment;
- a Directive relating to conditions of entry and residence of third country nationals for the purpose of study.

The Thessaloniki European Council Conclusions further elaborated on priorities in relation to immigration, frontiers and asylum, with a particular emphasis on improving operational cooperation. Key issues which the Council will be required to pursue in 2004, in keeping with the mandate of the Thessaloniki and subsequent Brussels European Council, will include:

- the proposal for a Council Decision enabling Community financial support to be provided to the European Return Programme;
- creating a legal framework for the development of the Visa Information System (VIS) and on the related issue of biometric identifiers;
- examination of the issue of further reinforcing asylum procedures in order to make them more efficient and of the means of better managing the entry of persons in need of protection into the EU, including the question of protection in the region;
- the follow-up to a Council Regulation establishing a European agency for the management of operational cooperation at the European Union's external borders, and
- the development of minimum standards on re-admission including the conclusion of re-admission agreements with third countries.

The Irish and Dutch Presidencies will also work on an integrated migration policy; this means that an integrated policy approach is used for the full "migration-chain" (from working on the causes of migration to the return of illegal persons and equal rights for legal residents from third countries). In line with this integrated approach for the "migration-chain" attention will be given to European cooperation with regard to integration of legal residents from third countries

F. INTEGRATION

The strengthening of the EU integration policy, as one of the aims of the Tampere programme and the Thessaloniki conclusions will be an important issue. The Dutch Presidency will organise an informal ministerial meeting to this effect. Developing a conceptual European framework regarding integration will be a primary goal. Aside from finalising specific legislative proposals as part of the Tampere programme, a further general cooperation is to be encouraged in the field of integration policy. To this extent a EU- network of contact points on integration has been set up in order to foster integration initiatives in the Union. While a permanent structure could be set up in order to monitor and analyse the multidimensional migration phenomena, the Commission's annual report on migration and integration will provide useful guidance towards a common approach of integration.

G. POLICE COOPERATION IN CRIMINAL MATTERS (INCLUDING ORGANISED CRIME AND TERRORISM)

The Council will also be required to deal with a number of work programmes in the area of police and judicial cooperation in criminal matters under Title VI arising from the Tampere European Council and the agreed measures arising from the Brussels European and JHA Councils following the events of 11 September 2001.

A focus in the area of law enforcement will be on measures directed to improving practical police and customs cooperation and outstanding aspects of the work programmes established in connection with the Tampere and Brussels European Council Conclusions. Proposals arising from the Tampere Conclusions are anticipated in the area of financial crime and corruption among other issues.

The fight against terrorism will continue to be a priority. The Irish and Dutch Presidencies will focus their attention to specific decision making processes with the aim of strengthening operational cooperation between police, customs and security services. Subjects to be dealt with will include streamlining terrorist threat assessments. The focus on the fight against the financing of terrorism will also be maintained. Follow-up legislative proposals related to the exchange of information on terrorism may also be needed to be considered by the Council in 2004. Special attention will be devoted to combating possible trafficking of weapons of mass destruction by terrorist organisations.

With regard to organised crime, the Council will take forward the EU Strategy on the Prevention and Control of Organised Crime in keeping with the outcome of the mid-term review of that strategy. The intensified focus on the fight against transfrontier organised crime will be maintained. The Council will also take forward work on the recommendations of the Conference on Organised Crime held in Dublin in November 2003 whose focus was the issue of public/private partnerships in combating organised crime.

Other issues to be given priority will include measures directed to improving practical police cooperation, for example in connection with the 2004 European Soccer Championship and vehicle theft.

The Council will also address the issue of the integrity and standards of the public administration and the police in particular, in line with the agenda of the Council of Europe. Proposals will be made to give the "European Code of Police Ethics" as formulated by the Council of Europe increased status within the EU.

H. JUDICIAL COOPERATION IN CRIMINAL MATTERS

A number of measures directed to judicial cooperation in criminal matters also remain under discussion in the Council framework. These include:

- the Framework Decision on the application of the principle of mutual recognition to financial penalties;

- the Framework Decision on the application of the principle of mutual recognition to confiscation orders;
- the Framework Decision on the application of the "ne bis in idem" principle;
- the Framework Decision on ship source pollution;
- the proposed Framework Decision on the mutual recognition of orders for the purpose of obtaining evidence.

The fight against financial organised crime is expected to be the subject of a Commission Communication later this year. Legislative proposals will also be considered by the Council in 2004.

Also of particular relevance in this area will be the outcome of the reviews of the action plan against organised crime and the evaluation of the European Union Crime Prevention Network (EUCPN).

I. DRUGS

A final evaluation of the EU Action Plan on Drugs 2000-2004 will be required in 2004. The Plan is intended to represent an integrated EU strategy in which demand and supply reduction are mutually reinforcing elements and in which international cooperation is also emphasised. The evaluation will embrace the need to develop a new EU Strategy and Action Plan for the period beyond 2004.

The evaluation of the EU Drugs Action plan 2000-2004 will be concluded in the second half of 2004. The European Commission has already started work to this end. The new EU Drugs Strategy 2005-2010 will be formulated with a view to being adopted by the Council during the Dutch Presidency and the proposal for a new EU Drugs Action plan (2005-2007), including an initiative on the issue of synthetic drugs, will be formulated. The May 2004 Dublin Conference on Drugs will contribute to the development of that new EU Drugs Strategy and Action Plan. The Conference will involve civil society in that process meeting the recommendation to that effect in the mid-term evaluation of the 2000-2004 Action Plan.

J. COOPERATION IN THE FIELD OF CIVIL LAW

In the field of civil law cooperation the main activity of the Council will be on measures related to the Tampere European Council conclusions. Within the overall framework of improving access to justice, an important objective is to improve, simplify and streamline existing procedures. The Council is expected to discuss the following legislative acts:

- the proposal for a Regulation concerning a European Enforcement Order for uncontested Claims;
- the proposal for a Directive on Compensation to Crime Victims;
- the proposal for a Regulation on the Law Applicable to Non-Contractual Obligations;
- the proposal for a Regulation Creating a European Order for Payment Procedures.

The Council may also address:

- small claims litigation;
- alternate dispute resolution mechanisms;
- the law applicable to contractual obligations;
- improved enforcement of judicial judgements;
- an evaluation of the Regulations on the service of documents;
- debt enforcement.

Furthermore, the Council will support the work of the Hague Conference on Private International Law and will contribute to the modernisation of the Lugano Treaty.

L. EXTERNAL ASPECTS

JHA matters increasingly feature in the area of EU relations with third countries. This will require the preparation and implementation of a detailed JHA work programme in the area of external relations by reference to existing priorities, cooperation agreements and Action Plans.

M. CIVIL PROTECTION

In the field of civil protection, the Council will continue its activities on prevention and intervention in case of natural and technological disasters. The Council will examine the Commission Communication on a Common Approach to EU Disaster Prevention and on the reinforcement of EU civil protection capacities due to be tabled at the beginning of 2004. A successor to the current Community Action Programme, which will expire on 31 December 2004, will be developed and submitted to Council and Parliament and is likely to be combined with a review of the operation of the Community Mechanism on Civil Protection established in late 2001.

The Council will continue to support the effective implementation of the CBRN programme with particular regard to issues arising out of the first Annual Report on the CBRN Programme, due to be submitted to Council in December 2003. The Second Annual Report on the CBRN Programme will also be submitted to Council at the end of 2004.

N. CITIZENS AND ADMINISTRATION

The idea of an area of freedom security and justice embraces more than questions of Justice and Home Affairs. It must also include active democratic involvement of citizens in what goes on at all levels of government in the EU. The link between citizens and public administration needs to be addressed. To this end, the Irish Presidency will host a special Ministerial Conference on Communicating Europe to the People in April. The Dutch Presidency will host the Third Quality Conference on Public Administration in the EU in September and proposes an evaluation of the Action Plan on Urban Policy (Lille 2000), focussing in particular on civil participation.

The two Presidencies also aim to improve the current level of transparency within the EU Institutions. This will be addressed, inter alia, in the context of the Commission evaluation of the Regulation on Access to Documents and the outcome of the IGC.

III. WORKING TOWARDS A BETTER WORLD

O. TAKING UP GLOBAL RESPONSIBILITIES

O.1. The Union's engagement with the wider world

The key challenge for the Council in 2004 is to bring forward vigorous, coherent, effective and credible external relations policies which promote the Union's interests in the wider world supporting peace, democracy, prosperity and the rule of law.

Our goal is to uphold an effective multilateral system based on international law and in accordance with the Charter of the United Nations.

The further development of Common Foreign and Security Policy (CFSP) in 2004 is indispensable to the achievement of that goal. The EU Security Strategy offers a vehicle for situating the CFSP and the European Security and Defence Policy (ESDP) in a broad perspective. The Council will in 2004 take forward follow-up work on this EU Security Strategy, based on the mandate received from the December 2003 European Council.

The Union must ensure effective coherence across the broad spectrum of its external action. In this context, the Council will work closely with the Commission in the development and implementation of the Union's external relations policies.

The EU will continue the fight against terrorism through full use of its internal and external instruments. The issue of combating global terrorism will be an important element of the EU's dialogue with third countries.

O.2. Developing European Security and Defence Policy

The capacity of the Union to prevent and to manage conflict situations outside its borders is a fundamental aspect of a coherent and effective engagement with the wider world. The European Security and Defence Policy (ESDP) is a key instrument through which the EU effects this engagement. The adoption of the EU Security Strategy will have an impact on ESDP in the period ahead.

Crisis management is at the core of ESDP and 2004 is likely to see the Union becoming increasingly operational. During 2003, three ESDP operations were launched: the European Union Police Mission (EUPM) in Bosnia-Herzegovina (BiH); Operation Concordia in FYROM; and Operation Artemis in DRC. Building on experience gained and lessons learned from these missions, a police mission in FYROM – PROXIMA – will be launched in December 2003. EUPM and PROXIMA are planned to continue throughout 2004 and the Council is likely in 2004 to consider, inter alia, a follow-on mission to NATO's Stabilisation Force (SFOR) in Bosnia-Herzegovina. The Union will be ready to conduct other crisis management operations according to developments in the international arena, its CFSP priorities and the development of its capabilities. To this end emphasis will be placed on Civil-Military Co-ordination (CMCO) between all relevant EU actors involved in crisis response.

The ongoing development of the EU's capabilities, both in the military and in the civilian field will be a key priority. The Council will focus on the development of military capabilities through the Headline Goal process and the Capability Development Mechanism (CDM), including the European Capability Action Plan (ECAP) and EU-NATO co-operation. Military cooperation between Member States is an important element of strengthening military capabilities. This will include the improvement of interoperability amongst Member and Acceding States, Candidate States and potential Troop Contributing Nations in order to provide the most economical and feasible solution in the light of the scarce resources available to the Union. Work will continue on the mandate given at the European Council of Thessaloniki towards creating, in the course of 2004, an Intergovernmental Agency in the field of defence capabilities development, research, acquisition and armaments.

Work in the civilian arena will focus both on police capabilities and on other civilian aspects including in the rule of law sphere. The implications for EU crisis management capabilities arising out of the accession of the new EU Member States will also be addressed, as will the development of EU crisis management capabilities through exercises. In accordance with established EU Exercise Policy, a Crisis Management Exercise will be run in May 2004 ("CME04"). The EU exercise programme will be continued and implemented in order to practice and refine procedures and command and control options for a range of crisis management scenarios at both the politico-military and operational level.

Conflict prevention will be a major crosscutting priority for the Union in 2004. Implementation of the EU Programme for the Prevention of Violent Conflicts will be an important part of the Council's agenda in 2004 and will be the subject of a report to the June European Council. A Conference on Conflict Prevention will be held in Dublin in Spring 2004.

The Council in 2004 will move to deepen the EU's relationship with other multilateral organisations in crisis management. 2003 saw the signature of a political declaration by the EU and the UN on progressing cooperation in this area. In 2004 the Council will work towards giving practical expression to this political declaration. The successful deployment of Operation Artemis in DRC at the request of the UNSG establishes a useful context for this cooperation.

Based on the established framework for relations between the EU and NATO (i.e., the so-called "Berlin Plus" arrangements), ongoing cooperation and coordination between the two organisations on issues relating to crisis management and capability development will be of particular importance during 2004. As ESDP becomes increasingly operational, the Council will seek to ensure optimum levels of transparency and consultation between the two organisations while avoiding unnecessary duplication.

The Council will also facilitate effective consultation mechanisms and practical cooperation between the EU and the OSCE.

P. BUILDING UP INTERNATIONAL MULTILATERAL COOPERATION

P.1. United Nations

The Council will focus in 2004 on promoting effective multilateralism. In this context, it will seek to strengthen EU-UN cooperation, particularly in the field of conflict prevention and crisis management. With the UN Secretary-General's High Level Panel on Threats, Challenges and Change due to report by September 2004, the Union has an opportunity to contribute effectively to the Panel's work of assessing the challenges to international peace and security and setting out the changes required to ensure effective collective action to meet those challenges.

On the basis of the Secretary-General's reform proposals, the Union will actively and constructively engage in the debate on strengthening the UN.

The Council will pursue the continued implementation of the commitments made in the Millennium Summit Declaration in the Monterrey consensus on global trade, and at the Johannesburg World Summit on Sustainable Development. The Council will, as in previous years, establish the priorities of the European Union in advance of the 60th Session of the UN General Assembly.

The Council reaffirms the importance it attaches to the effective functioning of the International Criminal Court. In order to contribute to the objective of the widest possible participation in the Rome Statute, the EU and its Member States shall make every effort to further this process by raising the issue of the widest possible ratification, acceptance, approval or accession to the Statute and its implementation in negotiations or political dialogues with third States, groups of States or relevant regional organisations, whenever appropriate.

P.2. Human Rights

The Council will give strategic orientation early in 2004 for the EU's stance in the 60th session of the UN Commission on Human Rights.

The Council will assess the annual human rights dialogue conducted with China and Iran and will continue to work on mainstreaming human rights into the Common Foreign and Security Policy. The Council is likely to adopt guidelines on children and armed conflict. The Council is likely to be asked to adopt guidelines on Human Rights Defenders.

Finally, the Union will continue to co-operate with the Council of Europe and OSCE to promote democracy, human rights and the rule of law.

P.3. Development

In the development area the Council will focus its attention on the need to make progress in relation to the commitments undertaken at the Doha, Monterrey and Johannesburg Conferences. In the framework of the EU/ACP relationship, a formal assessment of progress with regard to the ACP-EU economic partnership (EPAs) will be undertaken on the basis of a review of progress in the EPA negotiations to be presented by the Commission during 2004. A meeting of the EU-ACP Council will take place in Botswana on 6/7 May 2004.

The Commission is expected to bring forward the necessary proposals in relation to the budgetisation of the European Development Fund in Autumn 2003. Discussion on this should be concluded in 2004. In the absence of agreement on budgetisation, negotiations on the 10th EDF should begin in 2004.

A key task of the Council in the Development Cooperation area will be to make progress and, where possible, complete work on draft Council/EP Regulations on decentralised cooperation and on cooperation with Asia and Latin America. Commission proposals are awaited in respect of cooperation with South Africa and aid to Human Rights and Democratisation.

A range of items relating to preparation for international conferences and other negotiating fora will arise. These include the London Food Aid Convention. Input to the Brussels preparations will be required for the UNCTAD XI Conference in Brazil in June 2004 and the Cairo plus 10 Conference on population issues.

In the framework of Development Cooperation some of the issues in 2004 include the evaluation of the implementation of the Communications on health/poverty eradication, the revision of part of the Cotonou agreement, a performance review by the Council of the Commission's implementation of the EDF, the mid-term reviews of the Country/Regional Strategy and the deliberations on the Annual Report by the European Commission. Combating diseases such as HIV/AIDS, malaria and tuberculosis will remain high on the Council's agenda.

Apart from the regular working programme, some of the long term issues will also be tabled in 2004. These include the follow-up of the agreements reached on the WSSD and Monterrey, the relations with the new Member States and the harmonisation of aid. Coherence dossiers will receive special attention.

Concrete implications of the impact of enlargement will need to be considered including the integration of the Accession Countries into the development cooperation policy *acquis*.

P.4. Multilateral Trade Policy

In relation to multilateral Trade Policy the Council should focus on the Doha Development Agenda negotiations with a view to achieving balanced progress on all issues in the lead up to the conclusion of the Round. The fundamental objectives of the EU in this process are the promotion of further liberalisation of trade accompanied by a strengthening of the WTO's rules-based system, the improvement of the integration and effective participation of the developing countries in the multilateral trading system, addressing the interface between trade and related issues and policies, inter alia non-trade concerns. Despite the setback at Cancun, the EU remains committed to the multilateral approach to trade policy. The Council will remain in close contact with the Commission with regard to this subject and is willing to take measures where appropriate.

The General System of Preferences (GSP), ending January 2005, will have to be reviewed. The GSP is designed to boost export of products originating from developing countries through granting special tariff preferences.

The WTO follow-up to enlargement will also require the Council's attention during 2004.

P.5. Non-proliferation and disarmament

The Union is determined to prevent, and where possible reverse the proliferation of arms, especially weapons of mass destruction, inter alia in the context of the fight against terrorism. The Union has made a good start with the Action Plan for the implementation of the basic principles for an EU strategy against the proliferation of weapons of mass destruction agreed upon under the Greek Presidency. The Council will focus in 2004 on the further elaboration and implementation of the Strategy and Action Plan. Work on the development of the Action Plan in 2004 is likely to focus in particular on longer-term measures. This process should see the mainstreaming of the non-proliferation dossier into the Common Foreign and Security Policy.

An important and crosscutting element of this work will be developing measures to strengthen the multilateral system in the area of non-proliferation and disarmament. In particular, the Council will seek ways to support and further strengthen the role of the United Nations Security Council in relation to WMD. The Council will also seek to work closely with other key partners, including the US and NATO, to develop a common understanding of the WMD threat and responses to it.

The Third Preparatory Committee for the 2005 Review Conference of the Nuclear Non-Proliferation Treaty will be a pivotal event in terms of disarmament and non-proliferation in 2004 and the EU will work closely with others in efforts to agree a solid basis for a successful outcome to the review cycle. In this context, reaching an early agreement on the Euratom Safeguard Regulation will be a key instrument for the EU to fulfil its non-proliferation obligations under the NPT.

The EU will continue to promote international agreement on tackling the problems caused by Explosive Remnants of War (ERW) and will present a proposal for an amendment of the Certain Conventional Weapons Convention (CCW) on compliance in support of efforts on more stringent rules and specifications.

The EU will maintain its fight against illegal trade in small arms and light weapons and will actively contribute to the creation of an international instrument to enable States to identify and trace, in a timely and reliable manner, illicit small arms and light weapons.

Efforts will continue to achieve the universal acceptance of the Ottawa Convention on anti-personnel mines, especially in view of the Nairobi Mine Ban Summit in November/December 2004.

Q. EXTENDING THE AREA OF PEACE AND SECURITY

Q.1. Western Balkans

The Thessaloniki European Council and the EU-Western Balkans Summit confirmed the high priority which the Union will continue to attach to the Western Balkans. The Thessaloniki Agenda clarified that the shared objective of the EU and the countries of the region is their eventual integration into EU structures. This objective will be achieved through the implementation of wide-ranging political, economic and institutional reforms by the individual countries of the Western Balkans. The EU will continue to support the countries of the region in their endeavours to consolidate democracy, security and stability and to promote economic development and regional cooperation.

The Stabilisation and Association Process (SAP) will remain the basic framework for the development of the EU's relations with the Western Balkans. The Commission Opinion on Croatia's application for membership of the EU is expected in the first half of 2004, leading to an examination by the Council. The Council will consider the application on the basis of the Commission's assessment, in particular its assessment of Croatia's fulfilment of the Copenhagen political criteria, including the level of cooperation with ICTY.

The Council will take stock of progress in the implementation of the two Stabilisation and Association Agreements (SAA) already concluded, with Croatia and with the Former Yugoslav Republic of Macedonia. Negotiations will continue with Albania and the Council will consider the results of the Feasibility Study on an SAA with Bosnia and Herzegovina. The Council will consider the results of the Commission's Feasibility Study on an SAA with Serbia and Montenegro. The Council will also continue to work with the countries of the region in the fight against organised crime and corruption and to improve the level of cooperation with ICTY.

As agreed at Thessaloniki the new arrangements for enhanced political dialogue with the Western Balkans will be fully implemented during 2004. The Council will pay close attention to political developments throughout the region. Developments in relation to Kosovo will be particularly important, in the light of plans for an overall review of progress under the strengthened policy of "standards before status" by mid-2005.

Q.2. Relations with Russia and the Wider Europe / New Neighbours Initiative

The enlargement of the Union on 1 May 2004 brings increased focus to the Union's relationship with neighbouring states, and, in particular, to its strategic partnership with Russia.

As regards Russia, the Council will seek to make progress on the wide range of pending issues, notably the accession of Russia to the WTO, cooperation in trade and investment and in the field of justice and home affairs. The Council will also continue to follow-up work initiated at the St. Petersburg Summit in May 2003 on the "four spaces" concept, on drugs cooperation and on developing the work of a Permanent Partnership Council.

The Council will consider the Common Strategy on Russia and prepare the work of the EU-Russia Summits. The Summits, along with the extensive dialogue with Russia at many levels, have a vital contribution to make in enhancing EU-Russia political relationships at the highest level. The Council will work for increased strategic cooperation with Russia, particularly in the field of ESDP, as an important element of EU-Russia relations.

Implementation of the Thessaloniki European Council Conclusions on Wider Europe/ New Neighbours policies will be a priority issue in 2004. Particular attention will be paid to improving implementation of the current agreements between the EU and the countries concerned. The Council looks forward to receiving from the Commission Action Plans for a number of countries, inter alia, Ukraine, Moldova and southern Mediterranean partners with whom the Union already has Association agreements.

Q.3. Southern Caucasus and Central Asia

The Council will work to finalise a comprehensive EU policy to support democratisation, the rule of law and conflict resolution in the Southern Caucasus. It will take full account of the work undertaken by the EU Special Representative in fulfilment of his mandate in that regard.

The Council will also seek to enhance political dialogue with the Governments of Central Asia on priority issues related to democratisation and the rule of law as well as on cooperation in the fight against illicit drugs and human trafficking.

Q.4. EU Cooperation with OSCE and Council of Europe

The Council will also co-operate with key partner organisations such as the OSCE and the Council of Europe to make progress in resolving conflicts and supporting democratisation, the rule of law and human rights. Priority areas for cooperation include Moldova and Chechnya. Cooperation in the Southern Caucasus and Central Asian states will also feature.

Q.5. Middle East Peace Process and the Mediterranean region

An issue of the highest priority facing the Union in 2004 will be to continue, in cooperation with key partners, its efforts to support the Middle East Peace Process. As an active member of Quartet, the Union will strive for the full implementation of the Road Map, with the objective of two States, Israel and a viable democratic Palestinian State, living side by side in peace and security. The Council will focus in particular on the political, security and economic reconstruction dimensions of the peace process.

In addition, the Council will seek to strengthen dialogue with the Mediterranean region as a whole through the Barcelona process. The first half of 2004 will see a Mid-Term review Meeting of Euro-Mediterranean Foreign Ministers in Dublin. This meeting will provide an opportunity to take stock of the progress made in implementing the conclusions of the 6th meeting of Euro-Mediterranean Foreign Ministers and provide an impetus for renewed dialogue in the political, economic and social and cultural spheres. A similar meeting will also take place in the second half of 2004. The Council looks forward in 2004 to the ratification of Association Agreements with Egypt and Lebanon and will pursue the finalisation of negotiations for an Association Agreement with Syria.

The Council will encourage progress in the negotiations for the Free Trade Agreement with the Gulf Cooperation Council. Relations between the EU and the GCC will be reviewed at the 14th Joint Council and Ministerial due to take place in Brussels in March.

The Council will continue to follow the developments in Iran closely. Depending on progress made by Iran in the areas of concern, negotiations on a Trade and Cooperation Agreement as well as on parallel agreements on political dialogue and on cooperation in the fight against terrorism will require the Council's attention. The Council will follow the accelerated process of handing over executive powers to the Iraqi authorities. The EU will continue to contribute to the political and economic reconstruction of Iraq wherever possible. **[p.m.: to be updated if necessary]**

R. DEEPENING COOPERATION WITH KEY PARTNERS

R.1. Transatlantic relations

The transatlantic relationship is of the most fundamental mutual importance to the EU and to the US. Throughout 2004, the Council will work to ensure a solid and productive political and economic transatlantic relationship based on broad common interest and shared values. From political perspective, the Union will work closely with both the US and Canada on issues such as countering the proliferation of weapons of mass destruction, addressing global terrorism and promoting development and tackling HIV/AIDS particularly in Africa. In the economic sphere, the EU-US trade agenda, including key issues of GMO's, steel and FSC will need to be addressed in a positive manner. During the first half of 2004 a summit will take place with the US. With Canada, summits will take place in the first and second semester.

As regards Canada, the follow-up on the review of bilateral relations and the negotiation of a Trade and Investment Enhancement Agreement will also be pursued.

R.2. Africa

2004 will provide an opportunity for the Union to re-affirm the importance of EU-Africa dialogue. The Council's aim is an active and re-invigorated dialogue, which will include meetings at Ministerial level. The possibility of convening an EU-Africa Summit will be kept under review.

The Council will continue to support Africa-wide and regional initiatives on development and conflict prevention. Support for NEPAD (New Partnership for Africa's Development) and for the African Union will be of particular importance, not least the NEPAD peer review mechanism on good government and the efforts of the African Union to assume greater responsibility for conflict prevention and peacekeeping. In this context, the Council will review and renew the Common Position on Conflict Prevention, Resolution and Management in Africa. The Union looks forward to further developing the Peace Facility for Africa, which will be an important contribution to building African capacities in the area of conflict prevention and crisis management.

The Council will continue to follow closely the situation in the Great Lakes region and in particular the preparatory process for the convening of a Great Lakes Conference in 2004.

R.3. Latin America and Caribbean

The EU will continue to strengthen its relationship with Latin America and the Caribbean through the Bi-Regional Strategic Partnership. The EU-LAC Summit in Mexico on 28-29 May 2004 will be the first opportunity for the enlarged EU to engage at Heads of State and Government level with the region. The Summit will also provide opportunities for dialogue with sub-regional partners.

Ratification by all Member States of the EU-Chile Association Agreement should be completed in early 2004, allowing the full Agreement to enter into force. Negotiations for an EU-Mercosur Association Agreement will continue during 2004, with a view to early signature. The EU will continue to support peace, stability, democracy and socio-economic progress throughout the region.

R.4. Asia

The ASEM Foreign Ministers meeting due to take place in Dublin in April 2004 and the ASEM 5 Summit to take place in Hanoi in October 2004 will provide an impetus for continued cooperation and a strengthened relationship between the EU and its Asian partners. Furthermore, ASEM Ministers of Finance and Economic Affairs will meet in the second half of the year. Burmese participation in ASEM will need to be considered by the Council during 2004.

The Union will continue its fruitful political dialogue with Japan, China, India and South Korea in 2004 including through the preparation and convening of Summits. The Council will also consider how best to take forward political dialogue with other States in the region, notably Pakistan and Indonesia.

The EU will continue to give priority to Afghanistan. In 2004 the Bonn Process is due to be concluded with the election of a fully representative government. Furthermore, due emphasis will be given, inter alia, to the stabilisation and reconstruction process. The EU will stay fully involved in close coordination with its partners.

The Union will continue supporting the efforts towards peace and security in the Korean peninsula, in particular as regards non-proliferation.

