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**Subject: Draft Operational Programme of the Council for 2005 submitted by the
incoming Luxembourg and United Kingdom Presidencies**

Delegations will find attached the Draft Operational Programme of the Council for 2005 submitted by the incoming Luxembourg and United Kingdom Presidencies.

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Introduction

1. The European Union will face several important challenges in 2005. In particular, the Union needs to make better progress in delivering on the Lisbon agenda of more and better jobs, sustainable economic growth and greater competitiveness. The newly-adopted programme of EU-wide justice and home affairs action will strengthen judicial and police cooperation, the Union's external borders and the fight against terrorism. The EU will also take action to strengthen stability, security and prosperity on its borders and globally. In 2005 the Union intends to reach agreement on its finances for the next seven years as well as on a set of detailed proposals covering main policy areas.
2. Luxembourg and the UK will work closely together as succeeding Presidencies to deliver the EU-wide action to meet these challenges. This programme sets out the main work which the two Presidencies will take forward during 2005. Continuity across Presidencies is now more important than ever. This programme reflects the key priorities for the three years 2004-06 already agreed by Heads of State and Government at the European Council in December 2003. Luxembourg and the UK will work closely with the European Parliament, the European Commission, and the other Member States to deliver this programme.

The EU's finances 2007-2013

3. The negotiations on the Union's financial perspectives for the next seven years will be pursued in 2005. Building on the progress achieved under the Dutch Presidency, and in particular the principles and guidelines agreed by the European Council in December 2004, work will continue with the aim of reaching political agreement by June 2005 and final adoption of the detailed legislation by the end of the year.

The Lisbon Agenda

4. On the Lisbon Agenda, the two presidencies will seek to build on the progress achieved so far on the basis of a balanced strategy covering an economic, social and environmental dimension. 2005 will constitute the mid-point of the Lisbon Strategy, and this will provide an important opportunity to review progress, increase efforts across the board to achieve the agreed goals, and to take corrective action to stay on course.
5. Key to achieving that will be a more effective focus on delivery. The agenda for regulating better at European level set out in this programme can make a valuable contribution to that effort, inter alia by ensuring that the potential impact of new legislation on competitiveness is fully analysed, by looking at alternatives to regulation and by reviewing and simplifying existing laws. To meet the Lisbon objectives, the Union needs to improve openness to trade and investment, and pursue structural reform. This package can stimulate growth and productivity within the Union and contribute to achieving the Lisbon goals including that of increasing employment. This programme sets out the actions through which Member States and the Commission will press ahead with meeting the economic, social and environmental objectives of the Lisbon Strategy.

Freedom, Security and Justice

6. In 2005 the Union will begin implementing the new "Hague Programme" which sets out key action in the area of justice and home affairs over the next five years. Many of the issues faced by governments today, such as terrorism, asylum and immigration, and organised crime can be tackled most effectively through increased cooperation between Member States. In particular, priority will be given to implementing the commitments in the counter terrorism action plan agreed by the European Council. The EU will also focus on working more closely with third countries to deliver its objectives, particularly in the field of asylum and immigration. Work to strengthen the EU's external borders, and measures to manage migration flows better will be considered. In law enforcement, effort will be given to improving the cooperation between law enforcement services across the EU to enable them to exchange information more effectively, and to make full use of Europol and Eurojust. The programme also sets out a range of civil justice measures to help Europe's citizens access justice across the EU.

Future accessions

7. In 2005 the Union will continue its work intended to prepare Bulgaria and Romania to join the EU in 2007. Negotiations for accession will also be opened with Croatia – subject to it maintaining full cooperation with the International Criminal Tribunal for the former Yugoslavia – and with Turkey –subject to a positive decision by the December 2004 European Council.

Enhancing global stability and prosperity

8. Enhancing security, stability, democracy and prosperity across the world is the Union's global priority. The Union will act in a number of priority areas to take this forward. Greater military and civilian crisis management capabilities will allow the EU to contribute more effectively to international security and stability. It will address the root causes of insecurity in the world and use its policy instruments in a coherent and integrated manner so as to render them fully effective and so maximise its influence across the world. Security and prosperity increasingly depend on an effective multilateral system. Development challenges will be at the forefront of EU external action in 2005 with the review of the United Nations Millennium Development Goals in September. The Union will play a leadership role at this Conference, most of the preparation of which will take place during the first half of the year. As part of the preparations for this event, the Union will discuss setting new and higher ODA targets for 2009/2010. There will also be the opportunity to make progress on world trade talks through the Doha Development Agenda in Hong Kong in December, and the challenge of making a difference to Africa. The EU can help provide global leadership on tackling climate change. In particular, the two Presidencies will maintain the momentum towards establishing EU mid and longer term climate change strategies and targets and seek to ensure that the EU will be able to demonstrate progress towards its Kyoto commitments.

9. Russia and the EU will jointly progress the four common spaces initiative. Partnerships with neighbours to the East and South of the EU will be enhanced through the Union's neighbourhood policy, the Barcelona Process remaining the main framework for relations with the Mediterranean region. The EU will seek to continue its dialogue and cooperation with the countries of the Middle East and the Gulf region. It remains committed to pursuing a resolution to the Arab-Israeli conflict and to contributing to the political, economic and social reconstruction of Iraq. The EU will continue its work to bring greater stability to the Western Balkans. 2005 will also be an opportunity for the Union to deepen its cooperation with key global partners, in particular the US and African, Latin American and Caribbean and Asian partners.

The Constitutional Treaty

10. Member States signed the Constitutional Treaty in Rome in October 2004. The ratification process for the new Treaty will be continuing across the EU throughout 2005. The Council will keep track of progress in the process of ratification of the Constitutional Treaty in each Member State. Preparatory work will be needed in certain areas in order to prepare the ground for rapid implementation after ratification, although there is no question of applying the provisions of the Treaty before it has entered into force.

FUTURE FINANCIAL PERSPECTIVE

11. p.m. (to be drafted in the light of the situation at the end of the Dutch Presidency)

THE LISBON AGENDA

12. The Lisbon Agenda put in place an overall strategy for the Union aimed at promoting economic growth, fostering competitiveness and job creation, and advancing structural and regulatory reform, while ensuring social cohesion and environmental sustainability as defined by the Göteborg European Council. The mid-term review in 2005 offers a prominent opportunity to take stock of the results achieved so far and to step up efforts at EU and Member State level, and where necessary to take corrective action, to achieve the Lisbon targets (p.m. Kok Report)

GENERAL ECONOMIC CONTEXT / POLICY COORDINATION

Stability and Growth Pact

13. ECOFIN will continue to discuss the review of the EU's Stability and Growth Pact with the aim to conclude before mid-2005. The Commission is expected to come forward with a proposal to implement the agreement reached in ECOFIN; there will also be ongoing implementation of Excessive Deficit Procedures regarding certain Member States.

The BEPGs update

14. As usual, ECOFIN will prepare, in February/March, a Key Issues Paper to be submitted to the Spring European Council and then further elaborate a specific text for presentation to the June European Council.

Statistical framework

15. The Economic and Financial Committee will report to ECOFIN on improvements in data quality for budget statistics and the Commission will bring forward, in accordance with the Council Conclusions of 3 June 2004, proposals for improving institutional framework for statistical institutes of the Member States by June 2005.

ACTION FOR GROWTH

Review and the Quick-Start List

16. In accordance with paragraph 16 of the conclusions of the March 2004 European Council, the Council will present the review of the action for growth and the quick-start list to the Spring European Council.

Financing of the Growth Initiative

17. The Council will examine the proposal on financing of the Initiative for Growth, expected for end of July.

STRENGTHENING COMPETITIVENESS

18. The two Presidencies will pursue the **integrated competitiveness approach** within the context of the Lisbon agenda, in particular by addressing different horizontal initiatives aimed at fostering innovation and competitiveness. Reducing burdens on business by legislating better, reviewing and simplifying existing EU legislation and using alternatives to regulation will play an important role in strengthening competitiveness. Other important policies contributing to enhanced competitiveness, are innovation and enterprise, research and education.

REGULATORY REFORM

19. The two Presidencies will continue to take forward the four Presidency initiative on regulatory reform, as initiated during the Irish Presidency, including the implementation of the Interinstitutional Agreement on better law-making. They will seek to ensure that proposals for legislation will be accompanied by a credible impact assessment. They will, further, pursue work to implement the commitments of the 2004 Spring European Council and strengthen and promote the use of impact assessment for new legislation and the review of existing law and promote the use of alternatives to regulation. This includes:

- **Full implementation of the Better Regulation Action Plan**

The Presidencies will work with the Commission to ensure the continuing implementation of the Better Regulation Action Plan, and assessment of areas where further work is needed.

- **Review of existing legislation**

The Presidencies will work to strengthen the review of existing European legislation, taking forward the work of the Irish and Dutch Presidencies, which has established 15 priority areas for simplification and implementing the Competitiveness Council's commitment to consider mechanisms for identifying future priorities.

- **Impact assessment**

During 2005, the Presidencies will work to support the Commission's efforts to strengthen the competitiveness dimension of impact assessments process to ensure that the potential impact of new legislation on competitiveness is fully and transparently analysed.

The Presidencies will promote the use of impact assessments in all Council formations to allow a full consideration by the Council of the social, economic and environmental effects of proposed measures. The Presidencies will work towards implementation of a common European methodology for the measurement of the administrative burdens imposed by EU legislation as soon as possible in 2005, and will facilitate consideration of options for quantitative objectives in this area.

- **The economic implications of regulation**

Work in this area has progressed through joint work across all relevant Council formations and this will continue. In particular, both the ECOFIN and Competitiveness Councils will continue to play an active role, reflecting the importance of improving the regulatory framework to the goals of economic reform and growth.

- **Enforcement**

In order to realise the full benefits of the internal market and of economic reform, the Presidencies will continue to work with the Commission to ensure full compliance with Community legislation.

INNOVATION AND ENTERPRISE

20. In this area the Council will give due consideration to the following proposals/activities likely to be launched or progressed in this area:

- Innovation Action Plan
- the European Charter for Small Enterprises and Entrepreneurship Action Plan
- Multi-annual programme for competitiveness of enterprises (CIP)
- Improving the state of the competitiveness of the Pharmaceutical Industry
- Strategy for life sciences and biotechnology
- Launch of a European Centre of Enterprise competition and of an EU Enterprise Week

INTELLECTUAL PROPERTY RIGHTS

21. With a view to improving the **Intellectual Property regime**, the two Presidencies will explore possibilities to find solutions for the Community patent. They will aim at final agreement on the proposal on the patentability of computer-implemented inventions. Furthermore, they will seek progress on copyright and related rights and on design protection for spare parts and the Doha Declaration on the TRIPS Agreement.

RESEARCH

22. Public and private investments in all areas of the knowledge chain are key factors of competitiveness. The Presidencies will therefore encourage concrete actions to be taken, on the basis of the Commission's follow-up on the 3% Action Plan in the context of the Lisbon process and mid-term review,, and promote increased investments in R&D and innovation and the development of human resources in science and technology, in order to move towards the Barcelona objective.

The process of establishing the European Research and Innovation Area should maintain its momentum. Given the central role of the Seventh European Framework Programme for Research and Development for the on-going development of the European Research and Innovation Area the Presidencies will endeavour to ensure that work on the proposal starts in the first half of 2005, leading to a timely launch of the future Programme.

23. Taking into account the EC/ESA framework agreement and the White Paper on Space, the Presidencies' efforts will aim to contribute to the development of an overall European space policy.

The Presidencies will consider the role that security-related R&D could play in promoting leading-edge technologies in the context of increasing European competitiveness.

Furthermore, the Presidencies will endeavour to ensure that the Council will take the necessary formal decisions on the ITER international project.

EDUCATION

24. The Presidencies will make every effort to reach agreement on a new programme in the field of lifelong learning (2007-2013). The report on education and its cultural aspects will be addressed in the framework of the preparation of the Spring 2005 European Council.

25. The Presidencies will also continue to focus on the contribution which education and training can make to the Lisbon agenda under the Open Method of Coordination and to economic reform and social cohesion in particular. Work will begin on the preparation of a report to the 2006 Spring European Council on the implementation of the detailed work programme 2010 for education and training systems agreed at Barcelona in Spring 2002.

DEVELOPING A GENUINE INTERNAL MARKET

26. Developing and extending the Internal Market with a view to optimising the free movement of goods, services, persons and capital will contribute significantly to strengthening competition and so boosting innovation, enterprise and growth. The Presidencies will work to ensure that the Internal Market delivers on its promise, focusing on providing tangible economic benefits.

TECHNICAL HARMONISATION

27. The Council is expected to adopt the proposal for a Directive on electromagnetic compatibility in early 2005. It will start work on a series of proposals amending Directives concerning safety and environmental aspects of motor vehicles.
28. Other harmonisation work will concern the proposals on measures to be taken against the emission of gaseous and particulate pollutants from compression–ignition engines for use in vehicles, the proposal concerning the usability, recyclability and recoverability of motor vehicles and the proposal for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles.

COMPANY LAW

29. Alongside the financial services work described below (Cross Border Mergers and Transfer of Registered Office of Limited Companies Directives and amendment of 8th Company Law Directive on statutory audit of annual accounts and consolidated accounts), the Council will address proposals for amending existing company law Directives (2nd Directive on capital maintenance and 4th and 7th Directives in relation to responsibility of board members, disclosure of information on intra group transactions and publication of annual corporate governance statement). Work will also start on the forthcoming proposal for a directive on shareholders' rights in listed companies.

FINANCIAL SERVICES

30. The two Presidencies aim to make progress on the proposals for directives of the **Financial Services Action Plan (FSAP)**:
 - The new measures on Capital Adequacy (Recasting of the banking Directive and third amendment of the Capital Adequacy Directive)
 - Cross-Border Mergers of Companies with Share Capital Directive
 - Transfer of the Registered Office of Limited Companies Directive

In early 2005 the Commission will present its outline of the **future integration and regulation** of the financial services sector following the FSAP. The Council will engage with the Commission in a constructive debate to focus on the long term priorities for this sector.

31. Presidencies will pursue work on **non-FSAP Initiatives** which are either currently under negotiation or are awaited:
 - Insurance sector: the Reinsurance Directive Codification of non-life insurance directives and e-commerce in insurance and Solvency 2
 - Company law: 8th Company Law Directive on statutory audit,
 - Payments, clearing and settlement: the legal framework for payments, a directive on clearing and settlement

32. A special effort will be devoted to the fight against the financing of terrorism. In this respect adoption of the Third Money Laundering Directive, which makes special reference to terrorist financing, and the regulation implementing special recommendation VII of the FATF on wire-transfers are key issues.

TAXATION

Value Added Tax

33. The bulk of the proposals in the VAT area aim at **completing and modernising** the common system of value added tax by simultaneously adapting it to recent economic, technical and political developments and making it easier to operate for both the private and public sectors. Other proposals merely seek to **codify and simplify** existing Community legislation. Council will seek to make progress on proposals already submitted:
 - Implementing measures for the 6th VAT Directive
 - Recast of the 6th VAT Directive
 - Place of supply of services- business to business
 - Reduced rates of VAT
 - One stop shop

and take up work on a series of forthcoming proposals:

- Place of supply of services – business to consumer
- Rationalisation of Article 27 derogations
- Promotions and payments cards
- Development and implementation of an appropriate mechanism on a non-discriminatory basis for charging, declaring, collecting and allocating tax revenues in connection with e-commerce supplies with taxation in place of consumption (the current interim solution expiring on 1 July 2006).

Excise Duties

34. Commission proposals in the area of excise duties seek to **codify, complete and modernise** existing Community legislation. Work in this area will address the modification of Directive 92/12/EEC as regards Articles 7 to 10 and the proposal on the recast of Directive 92/12/EEC, expected to be submitted at the end of 2004/beginning 2005.

Direct Taxes

35. In the field of direct taxation, the Presidencies will focus on issues relating to economic growth and the competitiveness of the internal market. The Presidencies will continue work on the following files:

- Interest and Royalties Directive,
- Stocktaking on implementation of the Savings Tax Directive.

INSURANCE

36. The Presidencies will work to secure final agreement on the proposal for a Directive relating to insurance against civil liability in respect of the use of motor vehicles ("5th motor insurance Directive") and start work on proposals for Directives on Solvency Margin requirements for life and non-life insurance companies regarding a risk-based insurance solvency system, proposals which are expected to be submitted in 2005.

SERVICES AND PROFESSIONAL QUALIFICATIONS

37. The Council will continue its work in view of reaching an agreement on the Directive on Services in the Internal Market and reaching agreement with the European Parliament on the Directive on recognition of professional qualifications.

CONSUMERS

38. In this area the Council will aim to achieve progress on the Directive on consumer credit and will endeavour to reach final agreement with the European Parliament on the Directive on unfair commercial practices. The Luxembourg Presidency will also explore options for the Regulation on sales promotion. The Council will also promote simplification of the Consumer Protection Acquis by supporting the Commission review in this area.

FOODSTUFFS

39. The Council will aim to reach an agreement on the Regulation on the addition of vitamins and minerals and the Regulation on nutritional and health claims. It will also start work on expected proposals concerning food additives, flavours and enzymes, as well as on nutrition labelling.

CUSTOMS

40. The Presidencies aim to reach agreement on the Regulation modernising the Community Customs Code as well as on a Regulation on controls of cash movements at the external frontiers.

SECTORAL POLICIES

ELECTRONIC COMMUNICATIONS AND INFORMATION SOCIETY

41. In 2005 efforts will be intensified to ensure that e-communications serve as a key driver of European competitiveness and structural reform by addressing **internal market aspects** and **accompanying measures**:

- ensuring the effective implementation of the regulatory framework for networks and communications services;
- seeking agreement with the European Parliament on the Safer Internet Plus and eContent Plus programmes;
- considering a forthcoming amendment proposal concerning universal services on the basis of Article 15 of the Directive on universal services (2002/22/CE);
- considering a possible follow-up to the eEurope Action Plan during 2005;
- considering the Commission report on the application of Directive 97/67/CE on postal services to be submitted in accordance with Article 23 before the end of 2004;
- preparing the World Summit on Information Society to be held in November 2005;
- considering and acting on (as appropriate) a Report on the Electronic Commerce Directive 2000/31/EC pursuant to Article 21.

ENERGY

42. In 2005 work will continue on different aspects, such as internal energy market, security of supply, sustainability of energy production and consumption, international dimension and nuclear issues.

- **Internal energy market/security of supply**

Work on the Regulation on access to gas networks as well as on the Decision on TEN-E will be finalised. In the first semester of 2005, work on the Directive on Security of Electricity supply should be concluded. In this context, consideration will be given to the negotiating mandate on exchanges in electricity with Russia. Work to enhance security of supply will be taken forward by re-invigorating the EU-Russia Energy Dialogue. An EU-Russia Energy Permanent Partnership Council may take place in the second semester.

- **Sustainability of energy production and consumption**

The Presidencies will finalise work on the Council Directive on Eco-Design, progress work on the Directive on end-use energy efficiency and energy services and start work on the proposal for a Directive on the promotion of low energy and low emissions road vehicles. Environmental integration in the energy sector will be dealt with in the framework of the mid-term review of the EU Sustainable Development Strategy.

- **Extending the Internal Energy Market to Balkan and Mediterranean countries**

- Euromed Energy: Consideration is being given to a ministerial conference under the UK Presidency on the occasion of the 10th anniversary of the Barcelona Process.
- EU-South East Europe Agreement establishing an energy market: negotiations have started, conclusion of the agreement could intervene under the UK Presidency.

- **Nuclear energy**

The Presidencies will pay due attention to safety aspects by seeking agreement on the Council Decision on Euratom accession to the (IAEA) Joint Convention on the safe management of spent fuel and radioactive waste and on Council Decision on Euratom accession to the (IAEA) Convention on early notification of a nuclear accident. The Presidencies will continue efforts to give practical effect to the Conclusions on nuclear safety and the safe management of radioactive waste and spent fuel adopted by the Council on 28 June 2004. Other aspects to be addressed in this field concern the shipments of radioactive waste, the EU-Russia Agreement and the issue of Non-proliferation.

TRANSPORT

Land Transport

43. The Council will continue work on the Third Railway package (Certification of train crews operating locomotives and trains on the Community's rail network, compensation in cases of non-compliance with contractual quality requirements for rail freight services, International Rail Passengers' Rights and Obligations, Development of the Community's railways). A special attention will be paid to the Commission's evaluation of the first railway package. The Presidencies will give due attention to the promotion of road safety and take forward work on the Commission proposal on charging of heavy goods vehicles for the use of certain infrastructures (the 'Eurovignette' Directive). They will also begin examination of the proposal to be submitted on public service requirements (PSRs)

Aviation

44. The Presidencies will start work on new legislative proposals to be submitted in this area, including possibly proposals on slot allocation , on extension of scope of EASA, and on access to air transport for passengers with reduced mobility. They will also complete, as necessary, the work of the Council on the Commission proposal in the field of air traffic controller licensing;
45. In the field of **External relations**, mandates for negotiations with selected third countries other than that with the US may be adopted, within a framework of templates for standard agreements. The Presidencies will support the Commission in its continuing negotiations with the US.

Maritime transport

46. The Presidencies will give due attention to achieve substantial progress within the expected Maritime safety proposals ("Erika III"), which will address issues such as port State control, Flag State initiative, in particular on the maritime administration audits in the framework of IMO and EMSA, Community vessel traffic monitoring and information system and legal instruments on liability and compensation.
- The Presidencies will seek to make progress on the revised proposal on market access to port services.

Horizontal issues

47. The Presidencies will examine the awaited legal instrument on enhancing the security of the intermodal transport chain, which has to be seen in the wider context of the Community efforts to combat global terrorist threats.

The Presidencies will continue to work on the different issues relating to the European satellite radio navigation system "GALILEO". During 2005, this project will be in its development and validation phase covering the development of the satellites and the system's ground components, as well as validation in orbit. The Presidencies will pay special attention to security, safety and financing issues, the international cooperation and the negotiation of the concession contract relating to "GALILEO". Consequently, the Presidencies will make every effort to reach agreement on the proposed regulation on deployment and operation.

The Presidencies will also work actively towards agreement on the proposed Marco Polo II programme, as well as on the proposed Regulation determining the general rules for the granting of Community financial aid for the trans-European transport networks and energy.

CHEMICAL POLICY

48. Building on the work conducted to date, the two Presidencies will invest major efforts on the REACH Regulation with the aim of reaching political agreement by the end of 2005 based on an effective balance between economic, social and environmental considerations.

Other issues are the Directive on certain polycyclic aromatic hydrocarbons in extender oils and tyres (twenty-seventh amendment of Council Directive 76/769/EEC) and the Directive concerning toluene and trichlorobenzene (twenty-eighth amendment of Council Directive 76/769/EEC), on which the Presidencies will seek political agreement.

EMPLOYMENT AND SOCIAL POLICY

EMPLOYMENT

49. In the context of the overall mid-term review and taking account of the report from the Wim Kok-high level group of 2003 on work in this area will focus on finalising the Joint Council and Commission Employment Report 2004/2005. As usual, the EPSCO Council will prepare a Key Messages Paper to be submitted to the Spring European Council and then further elaborate the Employment Guidelines and Recommendations to Member States.

SOCIAL POLICY ISSUES

50. Separately from the initial reflections on the renewal of the Social Policy Agenda (2006-2010), which will be of major importance, and the adoption of the first annual Joint Council/Commission report on social protection and social inclusion, the Presidencies will seek to make progress on a number of concrete proposals in various fields. Among others, the presidencies will seek agreement on the proposal to establish a community programme for employment and social strategy (PROGRESS).
51. On **social security issues**, the Council will examine the draft implementing regulation regarding Regulation (EC) No 883/04 on the coordination of social security systems, the draft Regulation regarding the miscellaneous amendments 2004 to Regulation (EC) No 1408/71 and the draft Regulation regarding Annex XI of Regulation (EC) No 883/04.
52. In the area of **working conditions**, the Presidencies will seek agreement on the Directive amending Directive 2003/88/EC on Working Time in order to solve the problems created by the SIMAP and Jaeger judgments, and will use their best endeavours to reach a settlement on the Temporary Agency Work Directive. Furthermore, the Luxembourg Presidency will aim to reach agreement on a proposal for a Council Directive concerning the implementation of the agreement reached by the European social partners on the working time of the railway personnel during the first semester 2005.
53. In the area of **Data Protection**, the Presidencies will address the protection of workers' personal data.
54. In the area of **Safety and Health at Work**, the Presidencies will seek to ensure final adoption of the Directive regarding the exposure of workers to optical radiation and will start work on the Draft Directive amending the Carcinogens Directive (90/394/EEC) (expected in 2005).
55. As for **equality and non-discrimination**, the Council will start work on the proposal for a European Gender Institute. The review of the Platform for Action (Beijing + 10) will be dealt with at a meeting of the Commission on the Status of Women in New York. During 2005 the Council will work with the European Parliament in considering the Directive under Article 141 which merges and re-casts previous equality Directives (the so-called 'Recast' Directive).

HEALTH

56. Focus will be put on the new **Health Strategy**, likely to be proposed in late 2004/early 2005. The Presidencies will also pay due attention to **developments in health care**, in particular to
- the work of the High Level Group on Health Services and Medical Care set up by the Commission in response to the December 2003 report on the high level process of reflection on patient mobility and health-care developments in the European Union;
 - facilitating patient mobility and assessing the importance of developments in the Internal Market for health systems;
 - evaluating the EU e-health strategy which finishes in 2005 and determining the next steps for it;
 - working with other Member States to develop a better understanding of the causes and effective interventions to reduce inequalities in health outcomes within Member States;
 - the extension of the open method of coordination to health.
57. The Council will continue or start work on legislative proposals such as the Regulations on pharmaceuticals for children and on tissue engineering and the revision of legislation on medical devices. In the field of combating tobacco consumption, new proposals are awaited (tobacco ingredients, tobacco measurement standards, tobacco health warnings and tobacco batch numbering and tracing) and, at the international level, the first Conference of the parties to the WHO Framework Convention on Tobacco Control will start negotiations on protocols to the Convention. The Presidencies will follow closely the revision of the International Health Regulations (IHR). Other issues on which action may be taken are patient safety, epidemics, bioterrorism and alcohol. Finally, the Presidencies will review the area of pandemic preparedness planning and the work of the structures involved.

CULTURE, AUDIOVISUAL AND YOUTH

58. The Presidencies will make every effort to reach an agreement on the new generation of Culture programmes (2007-2013) and the new generation of Media programmes (2007-2013). In addition, the Presidencies will seek to adopt the Recommendation on cinema heritage and the Recommendation on the protection of minors.

The Presidencies will also look to make progress on priority initiatives flowing from the new culture work plan, agreed during the Dutch Presidency, including those on mobility of collections, mobility of artists and the digitisation of cultural heritage. Furthermore the Luxembourg Presidency will pay due attention to the issues of cultural tourism and intercultural dialogue.

The Presidencies will take forward preparatory work for a review of the Television Without Frontiers Directive, which is expected to be proposed in 2006, leading to an exchange of views at the Council in November 2005.

In the field of youth, the Presidencies will make every effort to reach final agreement on the new programme in the field of youth (2007-2013).

ENVIRONMENT

In the field of **environment**, work will concentrate on the following:

THEMATIC STRATEGIES

59. The discussion on the seven thematic strategies to be submitted in the framework of the 6th Community Environment Action Programme (soil protection, waste prevention and recycling, sustainable use of natural resources, sustainable use of pesticides, air quality, protection and conservation of the marine environment, urban environment and related sustainable consumption and production areas, such as Integrated Product Policy) will be of major importance for EU environmental policy in the coming years. The Council will ensure a more outcome-focused, strategic direction for environmental and sustainable development policy, in line with the principles of better regulation. These thematic strategies may include a number of both legislated and non-legislated initiatives.

THE FOUR KEY AREAS OF THE 6TH COMMUNITY ENVIRONMENT ACTION PROGRAMME

60. The Council will make every effort to reach agreement on the Regulation on a financial instrument for the environment ("LIFE +") and on the INSPIRE Directive aiming at putting in place infrastructures for the prevention and better management of potential environmental risks, in order to support delivery of actions under the 6th Environmental Action Programme.
61. In the field of **climate change** the two Presidencies will maintain the momentum towards establishing EU mid and longer term climate change strategies and targets and seek to ensure that the EU will be able to demonstrate progress towards its Kyoto commitments. They will monitor the effective implementation of the emission trading system and seek to finalise work on the proposals related to fluorinated greenhouse gases and take forward any Commission proposals to incorporate aviation into the EU Emissions Trading Scheme.
62. Concerning **nature and biodiversity** the Council will take forward work on biodiversity action following the expected proposals from the Commission and on the Directive on humane trapping standards.
63. In the area of **environment and health and quality of life** the Council will finalise work on the Directive concerning the management of bathing water quality and on the Directive on sulphur content of marine fuels and progress work on the Regulation on Pollutant Release and Transfer Register, on the Directive on priority substances and emissions control and on the Directive concerning the protection of ground water.
64. In the field of **natural resources and waste**, the Presidencies will seek to ensure final adoption of the Regulation on shipments of waste, the Directive on batteries and accumulators and the Directive on the management of waste from extractive industries.

ENVIRONMENTAL GOVERNANCE

65. The two Presidencies wish to finalise work on the Regulation to apply the Aarhus Convention to the European Community and the decision to enable the Community to conclude the Convention and make progress on the rest of the Aarhus package.

ENVIRONMENTAL TECHNOLOGIES

66. The two Presidencies will seek to make progress on implementation of the Environmental Technologies Action Plan (ETAP), in order to ensure that measures taken stimulate innovation and market penetration for environmental technologies and that synergies between environmental protection and enhanced economic competitiveness are fully exploited.

INTERNATIONAL MEETINGS

67. The two Presidencies will continue to promote sustainable development at international level, by ensuring effective preparation and coordination of international meetings throughout the year, including for the UNEP Governing Council, the UNCSD, and the UN's High level review of Progress against the Millennium Declaration and the WSSD commitments. The annual meeting of the UN Climate Change Convention will be particularly important because of the expected entry into force of the Kyoto Protocol.

COMMON AGRICULTURAL POLICY/FISHERIES

AGRICULTURE

CAP Reform/Markets

68. The Council will continue to build on its work to make the agriculture sector competitive, sustainable and able to deliver greater public benefits from the public funding it receives. In particular, the Council will aim to agree on the reform of the **sugar sector**, as well as on the adapted Regulation on **CAP financing**. It will also seek progress on the Regulation on **organic farming**.

The Council will address the adjustments to the **Wine** regime and work towards finalisation of the EU-US Wine Agreement. The Council will also consider the case for revising the **fruit and vegetables** and **flax and hemp** regimes and will take forward negotiations in the World Trade Organisation on modifying its concessions under GATT 1994.

The Regulation on **rural development** will be adopted with a view to better integrating environmental priorities, making agriculture more sustainable.

Veterinary Sector

69. The Council will continue work on enhancing animal health (avian influenza, aquaculture), animal welfare (inter alia proposal concerning broilers) and public health (BSE and animal by-products). Work may start on the revision of the Veterinary Fund and on Commission proposals to revise and consolidate existing legislation on residues of veterinary medicinal products in foodstuffs of animal origin.

Food Safety/Harmonisation

70. The Council will continue to progress work on proposals for strengthening food and feed legislation as set out in the Commission's White Paper on Food Safety of January 2000. Work on food safety will include: a new proposal on novel foods. The issue of the coexistence of GM crops with conventional and organic farming will continue to be addressed. The Council will finalise work on maximum residue levels of pesticides and start working on the placing of plant protection products on the market, the recasting of feed labelling legislation, on seeds and the proposal for a Regulation on cadmium in fertilizers.

Forestry

71. The Council will continue work on sustainable management of forests by moving forward with the Action Plan on Forest Law, Enforcement, Government, Governance and Trade (FLEGT), including seeking agreement on the Regulation to implement a voluntary timber licensing scheme by evaluating the EU forestry strategy and by taking forward the issue of the future international arrangements on forests in the framework of the United Nations (UNFF V).

FISHERIES

72. **In the framework of the reformed CFP**, the Council will continue efforts to bring about greater sustainability in the fisheries sector, by finalising or making progress on a series of proposals concerning conservation measures (**recovery plans and management plans**), environmentally friendly technical conservation measures and third country fisheries agreements. On most of the previous issues, **Regional Advisory Councils should actively contribute to forming the opinions of the Commission and the Member States in respect of future proposals or the implementation of Community rules.**

73. The Council will seek opportunities to simplify fisheries legislation and to improve fisheries control and inspection, including through the establishment of the **Community Fisheries Control Agency**. Finally, the Presidencies will make every effort to reach agreement on the new **European Fisheries Fund in the context of the Financial Perspective 2007-2013**.
74. The Council will also fix the **TACs and quotas for 2006**, taking into account economic, social, environmental and sustainability considerations.

SUSTAINABLE DEVELOPMENT

75. The European Council in Göteborg in its conclusion declared that the sustainable development is a fundamental objective defined in the treaties. It implies that the economic, social and environmental policies are developed in a synergetic spirit. In 2005, the Commission is expected to publish its mid term review report on the Strategy.
76. The Council will take any necessary follow-up action to the mid-term review report on the EU Sustainable Development Strategy from the Commission, expected in 2005, and provide environmental input to the 2005 and 2006 Spring European Councils.
77. The two Presidencies will also work to integrate international issues into the revised EU Sustainable Development Strategy

FREEDOM, SECURITY AND JUSTICE: NEXT STEPS

78. In 2005 work will continue on the implementation and evaluation of the Tampere agenda, and begin on the new multi-annual work programme (the "Hague Programme") intended to make progress towards turning the Union into a more complete area of freedom, security and justice. In line with the Hague Programme, priority will also be given to developing a coherent external dimension of this work through enhanced cooperation with third countries, groups of countries and regions. The Council is expected to receive proposals on the instruments for Freedom, Security and Justice in the context of the Financial Perspective 2007-2013. The two Presidencies will make every effort to reach agreement on these instruments.

ASYLUM AND MIGRATION

79. Once the Directive on asylum procedures has been adopted, the legislative programme envisaged by the Treaty of Amsterdam for **common minimum standards on asylum** will be complete. The two Presidencies will focus on its implementation, and will consider further relevant communications from the Commission. On improving access to durable solutions, work will include the development of pilot Regional Protection Programmes and exploring Member State cooperation on resettlement. On a Common European Asylum System, focus will be given to evaluating the impact of measures already adopted and improving efficiency through a single procedure for deciding applications for international protection, taking into account the deadline set by the multiannual programme for the second phase of the common European asylum system, including the setting up of appropriate structures designed to facilitate practical cooperation between asylum services.

80. The Council will continue to attach importance to the **integration of third-country nationals** in the EU on the basis of the common basic principles to be adopted by the Council and the representatives of the governments of the Member States to that end. Best practice in areas such as language training, orientation and citizenship programmes will be shared, and an EU handbook on best practice in integration will be prepared. The Council will consider the Green Paper on the admission of third-country nationals in the Member States of the EU for employment purposes.
81. The Council will also examine a proposal for a Directive on minimum standards regarding **return policy** and the mutual recognition of expulsion decisions.
82. Regarding **border security**, the two Presidencies will focus on practical measures to improve cross-border cooperation, strengthening the security and management of the external border and increasing cooperation with the new neighbouring countries. They will help ensure that the new European Border Agency, which should become operational on 1 May 2005, plays an effective role as soon as possible. The implementation of the programme of measures to combat illegal immigration across the maritime borders of the Member States of the European Union will be reviewed. Work will continue on creating the legal framework for the development of the Visa Information System (VIS) and on the related issue of the inclusion of biometric identifiers in travel documents.
83. **Cooperation with third-countries** will remain a key element in asylum and migration policy. The two Presidencies will work to ensure that there is coordinated approach within the Council so that migration issues are integrated into the Union's external policy. Work will continue on **readmission**, with a view to supporting the Commission in the rapid conclusion of negotiations of readmission agreements, and to identifying new third-countries with whom to enter into negotiations. In addition, the Council will have to examine the first Commission monitoring and evaluation report, which will be delivered by the end of 2004, on the **management of migration flows** from third countries.

LAW ENFORCEMENT COOPERATION

84. The two Presidencies will lead a renewed effort to maximise practical, operationally focussed criminal intelligence exchange between Member States, including through Europol, and to step up the coordination of investigation and prosecution by Member States of serious crime, making best use of Eurojust.

- on the basis of the forthcoming general report on the implementation of the EU Millennium Strategy to combat **organised crime**, the Council will focus its work on further measures to be taken in the implementation of that strategy and the fight against organised crime in general. Of particular relevance in this area will be measures to improve the exchange of information on criminal convictions for the protection of the public, the draft Framework Decision on simplifying exchange of information and intelligence between law enforcement authorities of the Member States, in particular as regards serious offences including terrorist acts, the draft Decision on the exchange of information and cooperation concerning terrorist offences, the draft Framework decision on participation in a criminal organisation; the draft Council decision establishing a European Police College (CEPOL); the draft Council regulation and decision on SIS II; the draft Framework Decision on cross-border police cooperation; the draft Framework Decision on exchange of DNA data; the draft Framework Decision on penalties for counterfeiting.

FIGHT AGAINST TERRORISM

85. The two Presidencies will focus their attention on delivering on the commitments contained in the Action Plan on Combating Terrorism. This will include efforts aimed at enhancing the exchange of and access to information for law enforcement agencies; streamlining terrorist threat assessments and integrating their use in policy-making; and continuing the mutual evaluation round on anti-terrorist arrangements in the new Member States. Work will also be taken forward on radicalisation and recruitment, protecting central infrastructures, fighting the financing of terrorism, and implementation of the EU solidarity programme. As part of the EU's external relations agenda, efforts will be made to raise the profile of the fight against terrorism through engaging with third countries.

Drugs

86. The Council will adopt a new EU Action Plan on **Drugs** for the period 2005-2008, based on Drugs Strategy 2005-2012, which was adopted by the European Council in December 2004.

JUDICIAL COOPERATION

87. The two Presidencies will continue to develop judicial cooperation in the areas of criminal and civil matters.

- **Criminal matters**

Work will continue in the Council on a number of measures directed at judicial cooperation in criminal matters. These include the Draft Framework Decision on the European Evidence Warrant; the draft Framework Decision on the retention of data processed and stored in connection with the provision of publicly available electronic communications services or data on public communications networks for the purpose of prevention, investigation, detection and prosecution of crime and criminal offences including terrorism; and the draft Framework decision on procedural safeguards in criminal proceedings.

Furthermore, the Council is expecting to receive proposals on: the draft Framework Decision on ne bis in idem and a Communication on Jurisdictional conflicts; the draft Framework decision on data protection in the area of law enforcement; the draft Framework decision on mutual recognition of decisions to transfer sentenced persons; the draft Framework decision on cash payments and money laundering; the draft decision on improving cooperation in the exchange of data on criminal conviction; the draft Framework decision on the recognition and execution of disqualifications and the proposed development of a project "Erasmus for Judges".

- **Civil matters**

Work will continue in the Council on various proposals in the field of judicial cooperation in **civil matters**. They include draft Regulations concerning applicable law in non-contractual matters ("Rome II") and concerning a European Order for Payment procedures, as well as the draft Directive on certain aspects of mediation in civil and commercial matters.

The Council expects new Commission proposals particularly concerning Small Claims, and the law applicable to contractual obligations ("Rome I"). Other work may begin in the areas identified in the new multi-annual programme as serving the objective of promoting mutual recognition and improving access to cross-border justice.

- **Fundamental rights**

In the expectation that the Commission will present a proposal during 2005 for the extension of the mandate of the European Monitoring Centre on Racism and Xenophobia towards the creation of a Human Rights Agency, work may begin on the process of developing a human rights data collection and analysis function with a view to defining Union policy in this field.

88. Work concerning external competence will continue, for example, as regards the future Hague Conventions on choice of court and on maintenance obligations.

FUTURE ACCESSIONS

Bulgaria and Romania

89. Main tasks for the Union in 2005 will comprise: finalisation and signature of the accession instruments, monitoring of Bulgaria's and Romania's preparations for accession, and continuation of Bulgaria's and Romania's preparations for accession in the framework of the Europe Agreements.

Croatia

90. Opening of accession negotiations with Croatia is expected early in 2005, in line with the decision of the June 2004 European Council, on the basis of a general negotiating framework to be established and subject to it maintaining full cooperation with the International Criminal Tribunal for the former Yugoslavia. Further work will comprise: a reinforced pre-accession strategy for Croatia, including the necessary financial instrument, and preparations for accession in the framework of the Stabilisation and Association Agreement with Croatia.

Turkey

91. Subject to a positive decision by the December 2004 European Council, opening of accession negotiations with Turkey is expected in 2005, on the basis of a general negotiating framework to be established. Further work will comprise: preparations for accession in the framework of the Association Agreement and of the Customs Union with Turkey; Revision of the Accession Partnership with Turkey.

Former Yugoslav Republic of Macedonia

92. Concerning the former Yugoslav Republic of Macedonia, the main focus will be the follow-up to the Commission's Opinion, expected in the second half of 2005.

ENHANCING GLOBAL STABILITY AND PROSPERITY

CONTRIBUTING TO INTERNATIONAL SECURITY

93. In 2005, the Luxembourg and United Kingdom Presidencies will pursue the objective of global stability through the development of the **Common Foreign and Security Policy (CFSP)** including the **European Security and Defence Policy (ESDP)**, along the lines set out in the European Security Strategy (ESS), as the EU key instruments to achieve its foreign policy goals. The Union will address the root causes of insecurity in the world and use its policy instruments in a coherent and integrated manner so as to render them fully effective and so maximise its influence across the world. Security and prosperity increasingly depend on an effective multilateral system. The two Presidencies are committed to upholding international law. The fundamental framework for international relations is the United Nations Charter.
94. The two Presidencies will make every effort to reach agreement on the new financial instruments in the area of external relations in the context of the Financial Perspective 2007-2013.

ESDP

95. In the field of **military crisis management**, particular attention will be devoted to the running of the **EUFOR** operation **ALTHEA** in Bosnia and Herzegovina, to date the largest EU-led mission with recourse to NATO assets and capabilities. In 2005, the two first six-monthly reviews of the operation will be carried out.

96. As in previous years, the development of **EU military capabilities**, through the Headline Goal process and the Capability Development Mechanism (CDM), will be a key priority. Work to implement the new Headline Goal 2010 will be based on Strategic Planning Assumptions and Illustrative Scenarios, taking into account the changing global security environment, the ambitions set out in the ESS and the declaration on solidarity against terrorism. In this context, the Council is expected to approve the Requirements Catalogue 2005 and to take note of the Force Catalogue 2005. The **European Defence Agency** will have an important role in facilitating the development of EU military capabilities.
97. Military cooperation among Member States will be further enhanced with the aim of making the best use of scarce resources and improving our capabilities. In this respect the EU will continue to co-operate closely with partner organisations - particularly the UN and NATO. Further progress in the **EU rapid response capacity** shall be made not least through the development of the **Battle Group** concept.
98. The collective **capability of the EU** will be enhanced through the development of the **Civ-Mil Cell** and liaison arrangements with NATO. The ability of the EU to plan and conduct certain operations will be strengthened by work to establish the facilities for an operations centre.
99. The Union will remain active in the field of **civilian crisis management** and look to implement the action plan for the future of civilian ESDP. In particular work will continue on developing and becoming operational in new areas of civilian ESDP, and building capability in light of November's Capabilities conference and the development of a Civilian Headline Goal. Appropriate capabilities, including mission planning and support, shall then be identified in order to achieve this headline goal, thus enabling the EU to carry out further civilian crisis management missions. The EU will also continue to run effectively the ongoing mission in Bosnia-Herzegovina, in the former Yugoslav Republic of Macedonia, and in Georgia.

100. Further cooperation with the EU's partner international organisations such as the **UN, NATO, OSCE**, the **Council of Europe** and the **African Union** will be important. The implementation of the **EU-UN Joint Declaration** on cooperation in crisis management remains a priority for the EU. An EU-UN exercise study will be conducted in the first half of 2005.

COUNTER-TERRORISM, NON-PROLIFERATION AND DISARMAMENT

101. The Council will continue to review, update and implement the EU action plan on combating terrorism and the EU strategy against the proliferation of Weapons of Mass Destruction and the associated action plan, focussing on support to international organisations such as the International Atomic and Energy Agency and the Organisation for the Prohibition of Chemical Weapons, as well as acting for the universal adherence of such treaties and agreements as the Non-Proliferation Treaty, Chemical Weapons Convention, Comprehensive Test Ban Treaty, Biological and Toxin Weapons Convention and Hague Code of Conduct and promoting compliance with the UN security council resolution 1540 by all UN member states. Weapons of Mass Destruction non-proliferation will continue to be a cross-cutting issue in the union's relations with third countries, both in the context of its political dialogues and through the inclusion of "non-proliferation clauses" in appropriate agreements with third parties.

102. The EU will set up its efforts in the **fight against terrorism**, through a multidimensional approach, making full use of its internal and external instruments. The ESDP contribution will be developed on the basis of the action points foreseen in the Conceptual Framework on the ESDP dimension of the fight against terrorism.

BUILDING UP INTERNATIONAL MULTILATERAL COOPERATION

103. The Union will pursue its efforts towards enhanced **multilateral cooperation**, notably within the United Nations. Of particular importance in that respect will be the follow-up to High-Level Panel report on Threats, Challenges and Change and its contribution to the preparation of the "Major Event" which will reflect the Union's role in the international efforts to achieve the Millennium Development Goals.

104. The EU will also continue its efforts to promote **human rights**, with particular attention to **the** Commission on Human Rights, and its human rights dialogues with China and Iran. It will also be committed to the implementation of existing Human Rights Guidelines.

DEVELOPMENT

105. The Union will work towards the reaffirmation and achievement of the Millennium Development Goals and the implementation of the specific commitments agreed at Monterrey and Johannesburg. In particular:

- stock take of the EU aid volume target in the framework of the regular monitoring of the Barcelona Commitments,
- adoption of an EU Action Plan for Coordination and Harmonisation with a view to the High Level Forum on Harmonisation and Alignment for Aid Effectiveness in the OECD/DAC framework (Paris, March 2005),
- Work on the Regulation on the Untying of Aid will be carried out jointly with the European Parliament.

106. The Council will review the 2000 Joint EC Development Policy Statement.

107. The EU Action Plan on Commodities and EU-Africa Partnership on Cotton will be implemented.

108. The Council will discuss a new Programme of Action on poverty related diseases including AIDS, TB and malaria.

109. As concerns ACP/EU Cooperation, the revision of the Cotonou Agreement will be completed as well as negotiation of a follow up agreement to the ninth EDF and work will continue on the Economic Partnership Agreements negotiations to be concluded by the end of 2007. The thirteenth session of the ACP-EC Council of Ministers will take place in May 2005. The sixth session of the EU-South Africa Cooperation Council should be held towards the end of 2005.

110. The EU will actively contribute to a number of important conferences and negotiations in the field of development, in particular:

- the UN High-Level Review of the Millennium Declaration and other related commitments/High Level Dialogue on Financing for Development;
- renegotiation of the Food Aid Convention, 1999 that supports EU policy on food aid, security and development,
- Small Island Developing States (SIDS) International Conference,
- World Summit on Information Society (WSIS) (Phase II),
- II World Coffee Conference,
- renegotiation of the 1994 International Tropical Timber Agreement.

MULTILATERAL TRADE POLICY

111. The Union will continue to work towards a successful conclusion to the current round of **WTO negotiations** taking into account the fact that the EU approach to the Doha Development Agenda is based on a broad agenda including ambitious trade liberalisation, strengthened trade rules and poverty reduction through a greater degree of integration of developing countries into the world trading system. The agreement reached at the WTO General Council on 1 August 2004, provides a framework for these negotiations to deliver on the Doha Development Agenda. The Union will engage constructively with other WTO members as we work towards the next WTO Ministerial scheduled for December 2005 in Hong Kong. These negotiations will require the close attention of the Council. The two Presidencies will work towards the adoption of a new system of Generalised System of Preferences (GSP) for the period 2006-2008.

EXTENDING THE AREA OF PEACE AND SECURITY

WESTERN BALKANS

112. **The Stabilisation and Association Process (SAP)** will remain the basic framework for the development of the EU's relations with the Western Balkans all the way to their future accession. The Council will consider the application for membership by the Former Yugoslav Republic of Macedonia on the basis of the Commission's assessment. The Council will continue supporting Albania's reform efforts in order to create the conditions necessary for the successful conclusion of the negotiations for a SAA. The Council will also review and consider extension of the EU's autonomous trade measures towards the region.
113. The Council will pursue implementation of the jointly agreed **Thessaloniki agenda**, involving in particular the establishment of a regional School for Higher Education on Public Administration Reform; preparations for participation of Western Balkan countries in individual Community programmes; improvement of regional cooperation, updating of European Partnerships with individual Western Balkans countries.
114. The Council will pay close attention to political developments and continuing stabilisation throughout the region. **Developments in Kosovo** – governed by UNSCR resolution 1244 – will be particularly important, in light of the review of implementation of standards by mid-2005.

NEIGHBOURS

115. The Union will deepen relations with its neighbours in all fields. The linchpin of this policy will continue to be the **European Neighbourhood Policy**, which will be completed through the ring of **Action Plans** with the neighbouring countries concerned. The Council will decide the pace at which Action Plans with the countries of the South Caucasus will be prepared.

116. The Union will seek to develop the Action Plan for establishing the **four common spaces with Russia** agreed at the St Petersburg Summit in May 2003. Further work may be required to ensure the formal extension of existing EU agreements with its neighbours to all 25 EU members.
117. Within the **Barcelona Process**, which remains the main framework for a coherent set of privileged relations with the Euro-Mediterranean neighbourhood, the 7th Ministerial Euromed FM Conference (Barcelona VII) will be held in May in Luxembourg. Prior to the 10th Anniversary of the Barcelona Declaration which will mark 10 years of achievement through political, economic and cultural cooperation, Barcelona VII aims at conducting a comprehensive review of the Process as well as defining orientations on the future of the process.
118. The EU will pursue the objectives of the **Strategic Partnership for the Mediterranean and the Middle East** primarily through existing structures and arrangements. A first review of the implementation of this partnership will be presented to the June European Council.

MIDDLE EAST

119. The EU will continue its efforts to resolve the crisis in the Middle East, notably by striving for the implementation of the Road Map.
120. The Council will continue to **follow the situation in Iran closely**. In this context, particular attention will be paid to the issue of Iran's nuclear programme and its cooperation with the IAEA.
121. In the Gulf region, the Council encourages progress in the negotiations for the **Free Trade Agreement with the Gulf Cooperation Council** in order to be able to conclude the agreement before the 15th Joint Council and Ministerial meeting due to take place in Bahrein during the Luxembourg Presidency.

122. The EU will continue to work in partnership with the **Iraqi** government and the Iraqi people with the aim of reaching the goal of security and stability.

DEEPENING COOPERATION WITH KEY PARTNERS

TRANSATLANTIC RELATIONS

UNITED STATES

123. The Union will continue its broad and intensive dialogue with the US, and will follow up the June 2004 EU-US Summit declarations, in particular on strengthening the economic partnership, on combating terrorism and on non-proliferation of WMD in preparation for the 2005 Summit. The preparation of the summit that will take place during the first half of 2005 will be an opportunity to take forward the results of the stakeholder consultation and develop the forward-looking strategy to enhance our economic partnership and eliminate barriers called for at the 2004 Summit. The EU will then work to ensure effective implementation of the forward-looking strategy.

CANADA

124. The adoption of the EU-Canada Partnership Agreement, at the EU-Canada Summit in March 2004, provides a positive framework aimed at strengthening dialogue and enhancing cooperation between the EU and Canada. In particular, the two EU-Canada Summits in 2005 provide an opportunity to move forward on negotiations towards a Canada-EU trade and Investment Enhancement Agreement (TIEA). The Union will also pursue the negotiation with Canada on an international agreement concerning the transfer of PNR data.

AFRICA

125. The Union will develop its relations with the African continent at all levels: regional level (AU), sub-regional level (ECOWAS, SADC, IGAD) and with individual countries. In doing so particular attention will be paid to:
- (a) conflict prevention, management and resolution, including by addressing the reinforcement of African peace support operations capabilities, notably through the use of the Peace Facility and;
 - (b) improving governance, promoting economic growth and reducing poverty, including through support for NEPAD. The possibility of convening an EU-Africa Summit will be kept under review.
126. The EU will also work actively with African organisations and international partners to address the trafficking of small arms and light weapons, children in armed conflicts and the impact of HIV/AIDS on African societies. It will also work closely with African and international partners to ensure elections held in 2005 are free and fair.
127. The Council will continue to follow closely the situation in Zimbabwe, Sudan and in the Great Lakes region (including the preparatory process for the convening of a Great Lakes Conference).

LATIN AMERICA AND CARIBBEAN

128. The XIIth EU-Rio Group Ministerial meeting as well as the Ministerial meetings with sub-regional groups which will take place in Luxembourg in May 2005 will allow to further deepen the relationship with Latin America. Work will also be taken forward in preparation of the IVth EU-LAC Summit in 2006.
129. One of the main objectives of 2005 will be to make further progress with a view to finalise the EU-Mercosur negotiations and initiating the process of ratification.

130. The EU will carry out the joint assessment of regional integration between the EU and Central America / the Andean Community as called for in the Declaration of the Guadalajara Summit, which will be a first step towards negotiations on association Agreements including Free Trade Agreements with these two sub-regions of Latin America in due course.

ASIA

131. The Union's objective will be to build up strategic partnerships with China, India and Japan. The European Union has become China's largest trading partner and we will work towards adapting the legal basis of our cooperation to this new level. Recognising the ever-increasing importance of the Indian subcontinent, an EU-India political declaration and an EU-India action plan should be adopted by the EU-India summit in 2005. At the multilateral level, we will continue working through ASEM and with regional bodies such as ASEAN, the ARF, the Shanghai Cooperation Council and SAARC. Economic integration and cooperation as well as regional political issues will be on the agenda of the EU-ASEAN ministerial meeting.

<p style="text-align: center;">THE CONSTITUTIONAL TREATY: PREPARING ENTRY INTO FORCE</p>

132. p.m. – Follow-up of the ratification process
– Preparation of the Decision establishing the External Action Service
– Political agreement on the Decision on the exercise of the Council Presidency

133. Preparations for the establishment of the **European External Action Service**, as foreseen in the Treaty establishing a constitution for Europe, will continue in 2005 and will thus lay the foundations for greater coherence and effectiveness of the EU's external action.