



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 16 June 2004

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NOTE

From : The Presidency

To : European Council

Subject : *European Council (17-18 June 2004)*
– *Draft Conclusions*

Following the preparatory work, in particular at GAERC on 14 June, the Presidency now submits draft Conclusions to the European Council.

The Presidency recalls that on the occasion of the European Council Heads of State or Government will meet in an Inter-Governmental Conference which is expected to reach agreement on the new Constitutional Treaty.

The European Council is also expected to

- nominate the person it intends to appoint as the next President of the Commission;
- designate the Secretary-General of the Council/High Representative for CFSP and the Deputy Secretary-General of the Council for the period as from 18 October 2004.

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The European Council reviewed progress across a range of areas and set out guidelines for future policy development in each of these areas.

The meeting was preceded by an exposé by the President of the European Parliament, Mr Pat Cox, followed by an exchange of views.

The European Council expressed its concern at the low voter turnout in last week's elections to the European Parliament. It recognises the need to strengthen a sense among the citizens of Europe of the importance of the work of the Union and its relevance to their daily lives. Following a preliminary discussion on this occasion, the European Council intends to return to the subject at its next meeting. In the interim, it welcomes the intention of the Netherlands Presidency to take forward the "Communicating Europe" initiative of the Irish Presidency.

I. AREA OF FREEDOM, SECURITY AND JUSTICE; FIGHT AGAINST TERRORISM

1. The citizens of Europe increasingly look to the Union to deliver practical advances in the Justice and Home Affairs area based on our common shared values of liberty, respect for human rights and fundamental freedoms, and the rule of law.
2. The European Council welcomes the Commission report on the progress achieved under the five year Tampere programme, which demonstrates the substantial progress made in creating a genuine area of freedom, security and justice.
3. It notes that a number of further important steps have been taken in the first half of this year. These include the adoption of the Asylum Qualifications Directive and the political agreement reached on the Asylum Procedures Directive; the political agreement on the Directive on the admission of third country nationals for studies and related purposes; the adoption of the Regulation on a European Enforcement Order for uncontested claims; and the general agreement on the text of the Framework Decision on the mutual recognition of confiscation orders.
4. The European Council believes that the time has now come to launch the next phase of the process. It therefore invites the Council and the Commission to prepare proposals for a new programme for the coming years to be considered by the European Council before the end of 2004.

5. The European Council underlines the need to pursue with determination the objective of building a common area of freedom, security and justice. The new programme must be commensurate with the scale of the challenge and with the expectations of our citizens. It should be practical, building on work underway arising from the Tampere programme and an evaluation of first generation measures. It should also be grounded in the general principles of need for European added value and respect for the principles of subsidiarity, proportionality, and solidarity. At the same time, the multi-year programme should make real and substantial progress towards enhancing mutual confidence and promoting common policies, including practical cooperation, to the benefit of all our citizens.
6. Momentum must be maintained pending adoption of the new programme. The European Council emphasises in particular a number of priorities in the asylum and immigration area. The new European Borders Agency, on which the Regulation is close to finalisation, should become operational at the outset of 2005. The implementation of the Plan for the Management of the Maritime Borders should be reviewed. The Council and the Commission are invited to consider further proposals for a financial instrument for return management, drawing on the experience gained in the return area to date. Council is also invited to examine proposals contained in the Commission's Communication on entry to the Union of persons in need of international protection, as well as in the Communication on the relations between legal and illegal immigration.
7. Drug abuse and drug trafficking are scourges which must be vigorously confronted. The Council is invited to agree proposals no later than December 2004 for a new EU Drugs Strategy for the period 2005-2012. The proposals should have regard to the Commission's final evaluation of the 2000-2004 Drugs Strategy and Action Plan as well as the outcome of the recent Dublin Conference on an EU Strategy on Drugs/The Way Forward.

Fight Against Terrorism

8. At its Spring session, in the aftermath of the Madrid bombings, the European Council adopted a wide-ranging Declaration on Terrorism. It reaffirms its determination to confront the terrorist threat relentlessly and comprehensively. The appointment of an EU counter-terrorism co-ordinator will help to improve co-ordination and visibility of the EU's actions in this field.

9. The European Council welcomes the report on implementation of its 25 March Declaration. Good progress has been achieved in the interim. Notable steps include completion of work on the Directive on compensating victims of crime; the Regulation introducing new functions for the Schengen Information System, including in the fight against terrorism; the Council Decision establishing the Visa Information System; and the Europol and Eurojust Agreement.
10. The European Council welcomes the Council's revised Action Plan/Roadmap and urges the institutions and Member States to fulfil outstanding commitments within the deadlines established. It will review implementation of the Action Plan/Roadmap twice a year, beginning at its December 2004 meeting.
11. The European Council welcomes the report by the Secretary-General/High Representative on integrating in the Council Secretariat an intelligence capacity on all aspects of the terrorist threat. It requests him to implement such arrangements as soon as possible, taking into account the views expressed at the Council (JHA) on 8 June 2004. It also requests the SG/HR to keep this question under review and report on progress to the December 2004 European Council.
12. On the practical and operational front, the European Council welcomes the re-establishment of the Counter Terrorism Task Force within Europol; the steps being taken to encourage the flow of criminal and operational intelligence to Europol; the decision taken to reinforce the working structures in the Council; and the decisions of heads of the security forces of the Member States to meet regularly in the Counter-Terrorist Group format. It requests the Council to take forward work on proposals for reinforcing the Police Chiefs Task Force's operational capacity with a view to adoption of new arrangements no later than December 2004.
13. Work must now move ahead with a real sense of urgency in a number of priority areas. The Commission has published a substantial Communication on Information Policy for law enforcement and is invited to bring forward proposals as quickly as possible. The Council is called upon to draw up a coherent overall approach for further strengthening of the fight against terrorist financing by December 2004, on the basis of proposals by the High Representative and the Commission. By June 2005, Council should reach agreement on the initiatives on exchange of information and cooperation concerning terrorist offences and on retention of communications data. Agreement should be reached by December 2005 on the initiative on simplifying the exchange of information and intelligence between law enforcement agencies.

14. The Council and the Commission are invited to assess the capabilities of Member States both in preventing and coping with the consequences of any type of terrorist attack; to identify best practices and to propose the necessary measures. Existing cooperation on civil protection should be enhanced, reflecting the will of Member States to act in solidarity in the case of terrorist attack in any Member State or in the case of attack against EU citizens living abroad. By the end of this year, on the basis of a coordinated approach by the SG/HR and the Commission, Council is asked to prepare an overall strategy to enhance the protection of critical infrastructures.

An integrated approach

15. The European Council underlines the importance of making use of the wide ranging instruments of the European Union in the context of addressing all the factors which contribute to terrorism. It emphasises the need to ensure that the fight against terrorism is fully integrated into EU external relations policy and requests that concrete proposals are submitted to the December European Council on how this is most effectively achieved.
16. The European Council emphasises that solidarity and international cooperation are integral to combating terrorism and to addressing its root causes. The Union will continue to develop initiatives for closer cooperation with international organisations, particularly the UN, and to maintain the closest possible coordination with the United States and other partners. Combating terrorism must be a key element in political dialogue with third countries, with particular emphasis on ratification and implementation of International Conventions, preventing the financing of terrorism, addressing factors which contribute to terrorism, as well as non-proliferation and arms control.

II. ENLARGEMENT

Bulgaria and Romania

17. The European Council underlines that Bulgaria and Romania are an integral part of the ongoing round of enlargement which saw ten new Member States join the Union on 1 May 2004. The Union recalls that the guiding principles which applied to the accession negotiations with the ten new Member States continue to apply to Bulgaria and Romania, which are part of the same inclusive and irreversible enlargement process.

18. The European Council welcomes the very substantial progress made by Bulgaria and Romania in the accession negotiations over the past months and reiterates the Union's common objective to welcome the two countries as members of the Union in January 2007, if they are ready.
19. In reaching agreement on a fair and equitable financial package for Bulgaria and Romania at the beginning of the year, the Union paved the way for concluding negotiations on the key financially-related chapters and the accession negotiations with the two countries thus entered a significant phase. Provided that real and effective progress in reforms and preparations on the ground for accession is maintained by Bulgaria and Romania, the Union confirms its determination to bring the accession negotiations to a successful conclusion for both countries in 2004, on the basis of own merits.
20. The Union notes with great satisfaction that all of the outstanding chapters in the negotiations with Bulgaria have been provisionally closed and that Romania has also made important progress and is substantially closer to achieving this goal. Member States and the Commission will continue to assist Romania in this regard. The European Council looks forward to the Commission 2004 Regular Report, which will assess the two countries' ability to assume all the obligations of membership by accession. With a view to signature of the Accession Treaty for Bulgaria and Romania as early as possible in 2005, drafting of the Accession Treaty for the two countries will begin in July 2004.
21. Being prepared to assume all the obligations of membership is crucial for Bulgaria and Romania. The Union therefore urges both countries to further intensify their efforts in order to be ready for membership in January 2007. The Union underlines that particular attention should be paid by Bulgaria and Romania to improving their administrative and judicial capacity, as well as to continuing economic and structural reform, and to the full and timely implementation of negotiated commitments. The Union will closely monitor preparations and implementation of commitments undertaken in all areas of the Acquis.

Turkey

22. The European Council welcomes the significant progress made to date by Turkey in the reform process, including the important and wide-ranging constitutional amendments adopted in May. It welcomes the continued and sustained efforts of the Turkish Government to meet the Copenhagen political criteria. In this context, the European Council emphasises the importance of concluding the remaining legislative work and of accelerating efforts to ensure decisive progress in the full and timely implementation of reforms at all levels of administration and throughout the country.
23. The European Union will continue to assist Turkey in its preparations and to work towards full implementation of the pre-accession strategy, in particular as regards strengthening the independence and functioning of the judiciary, the overall framework for the exercise of fundamental freedoms (association, expression and religion), cultural rights, the further alignment of civil-military relations with European practice and the situation in the Southeast of the country.
24. The Union reaffirms its commitment that if the European Council decides in December 2004, on the basis of a report and recommendation from the Commission, that Turkey fulfils the Copenhagen political criteria, the EU will open accession negotiations with Turkey without delay.
25. The European Council encourages the Turkish Government to remain firmly committed to macroeconomic and financial stabilisation, including full implementation of the structural reform agenda.
26. The European Council invites Turkey to conclude negotiations with the Commission on behalf of the Community and its 25 Member States on the adaptation of the Ankara Agreement to take account of the accession of the new Member States.
27. The European Council welcomes the positive contribution of the Turkish Government to the efforts of the UN Secretary General to achieve a comprehensive settlement of the Cyprus problem.

Croatia

28. The European Council welcomes the Commission Opinion on Croatia's application for EU membership and the recommendation that accession negotiations should be opened. The European Council considered the application on the basis of the Opinion and noted that Croatia meets the political criteria set by the Copenhagen European Council in 1993 and the Stabilisation and Association Process conditionalities established by the Council in 1997. It decided that Croatia is a candidate country for membership and that the accession process should be launched.
29. The European Council decided to convene a bilateral intergovernmental conference with Croatia early in 2005 in order to begin negotiations. In advance of the negotiations, the Council will agree a general negotiating framework, taking full account of the experience of the fifth enlargement process. The European Council requests the Commission to present an evaluation in this regard, before the end of its mandate. It confirms that the negotiations will be based on Croatia's own merits and that the pace will depend solely on Croatia's progress in meeting the requirements for membership.
30. The European Council emphasises that Croatia needs to maintain full cooperation with ICTY and take all necessary steps to ensure that the remaining indictee is located and transferred to The Hague. Croatia also needs to make additional efforts on minority rights, refugee returns, reform of the judiciary, regional cooperation and the fight against corruption.
31. In order to prepare for negotiations, work should begin on an examination of the acquis, which might best be undertaken in the framework of the Stabilisation and Association Agreement with Croatia.
32. The European Council requests the Commission to prepare a pre-accession strategy for Croatia, including the necessary financial instrument.
33. The European Council notes the Croatian decision not to apply to EU Member States any aspect of the Ecological and Fisheries Protection Zone. In this context, it welcomes the agreement reached by Italy, Slovenia and Croatia at the Trilateral meeting in Brussels on 4 June 2004.

Implications of Croatia's status for other countries of the Western Balkans

34. The European Council emphasises that the achievement of candidate status by Croatia should be an encouragement to the other countries of the Western Balkans to pursue their reforms. It reaffirms its commitment to the full implementation of the Thessalonika agenda, which makes clear that the future of the Western Balkans rests within the European Union. The advance of the individual countries of the region towards European integration will proceed in parallel with the regional approach, which remains an essential element of EU policy. The European Council urges Croatia to continue to make a strong contribution to the development of closer regional cooperation.

III. FINANCIAL PERSPECTIVES

35. The European Council takes note of the Analytical Report prepared by the Presidency on the basis of preliminary work in the Council. It considers this Report a useful contribution towards clarifying issues and positions and offering feedback to the Commission on its Communication and in preparation of its legislative proposals. The incoming Presidency is invited to continue work on the issues identified in the Analytical Report. The further work on the financial perspectives should take full account of the range of positions of Member States and bear in mind the timeframe envisaged in the Multiannual Strategic Programme.

IV. ECONOMIC AND SOCIAL ISSUES, EMPLOYMENT AND ENVIRONMENT

Broad Economic Policy Guidelines and Employment Guidelines

36. The European Council endorses the draft update of the Broad Economic Policy Guidelines, which include a specific reference to the Eurozone, and the draft Employment Guidelines and employment recommendations. It welcomes the two major innovations in the economic and employment processes this year: the integration of the ten new Member States into the established policy framework and the incorporation of the policy messages of the report of the Employment Task Force, chaired by Mr. Wim Kok, in the employment recommendations. It emphasises that Member States should ensure that both sets of guidelines and the recommendations are implemented fully and in a coherent manner.

Lisbon reform agenda

37. The European Council welcomes the progress made since its Spring meeting on important measures of direct and tangible benefit to citizens as part of the Union's pursuit of social, economic and environmental goals. In doing so, it acknowledges the good co-operation the Council has enjoyed with the outgoing European Parliament and the Commission during a period of considerable opportunity and challenge. In particular, the European Council wishes to highlight major progress in the following areas:
- the **Financial Services Action Plan**, with the necessary decisions made on its remaining elements relating to transparency and investment services
 - **mobility** of European citizens, businesses and services; through legislation on recognition of professional qualifications, social security co-ordination, the Europass and the introduction of the European Health Insurance Card
 - **intellectual property rights** and arrangements for patentability of computer-implemented inventions, through agreement on measures that will stimulate and protect European innovation.
 - **consumer protection**, through measures on enforcement and on unfair commercial practices
 - **environmental protection**, through measures on air quality, maritime protection, environmental liability, biodiversity conservation and climate change, including putting in place all the necessary mechanisms for the EU's Emissions Trading Scheme to facilitate compliance with the Kyoto Protocol Goals
 - **infrastructural development**, through the decisions on Trans-European Networks for Transport and Energy.
38. The European Council regrets that it has not proved possible to secure unanimous agreement on the adoption of a Regulation on the Community Patent; a period of reflection should be used to see how to move forward, taking account of the support by all Member States for the principle of a Community Patent.
39. Reflecting the equality goals of the Lisbon agenda, and on the basis of political agreement which has been reached within the Council, the European Council expresses its support for the establishment of a European Gender Institute and invites the Commission to bring forward a specific proposal.

40. The European Council reiterates its call to the Council and the Member States for further efforts to close the delivery gap in the implementation of the Lisbon Strategy.
41. In light of the good initial work carried out on proposals and initiatives that will further contribute to sustainable growth and development, the European Council urges that work proceed quickly, inter alia on the following:
- all necessary arrangements to ensure **better regulation** in the European Union
 - improvements in the area of **corporate governance**
 - the proposed framework Directive on **services**
 - consideration of the White Paper on **services of general interest**
 - the REACH proposal regarding **chemicals**
 - encouragement for the **mobility of researchers**, as an example of practical action to further stimulate innovation
 - the review of the **Sustainable Development Strategy**
 - further work on **emission reduction strategies** in the context of climate change, and on the promotion of **environmental technologies**
 - the implementation of the appropriate measures to reach the agreed target of halting the decline of **biodiversity** by 2010
 - examination of the Commission Communication on the Strategy for the **Outermost Regions**.
42. In the run up to the mid-term review of the Lisbon Strategy, the European Council looks forward to the report of the High-level Group to be presented to the Commission by 1 November 2004.

V. EXTERNAL RELATIONS/CFSP/ESDP

European Security Strategy

43. The European Council reiterates that the European Security Strategy adopted at the European Council in December 2003 provides a key framework for policy formulation. Follow-up has been taken forward over the past six months, including in the four areas identified for initial work (effective multilateralism with the UN at its core; the fight against terrorism; a strategy towards the region of the Middle East and a comprehensive policy towards Bosnia-Herzegovina). The European Council asked the incoming Presidency in cooperation with the SG/HR and the Commission to continue this work.

44. The European Council particularly welcomes the focus on effective multilateralism, with transmission of the EU's contribution to the UN Secretary General's High Level Panel on Threats, Challenges and Change in support of a strengthened UN; work undertaken to implement the EU-UN Joint Declaration on Co-operation in Crisis Management of 24 September 2003; and joint commitments on support for effective multilateralism made with key regional partners. It also looks forward to the proposals to be submitted by the SG/HR and the Commission on concrete steps designed to promote the development of a rules-based international order.
45. The European Council welcomes the approval by Council of basic principles on the use of restrictive measures (sanctions), in the context of the further development of a policy framework for more effective multilateralism in line with the European Security Strategy.
46. The European Council adopted a comprehensive policy towards Bosnia and Herzegovina, setting out practical arrangements to enhance the coherence and effectiveness of the EU's engagement in support of the European perspective of the country.
47. The remaining two areas – the fight against terrorism; and a strategy towards the region of the Middle East – are addressed elsewhere in these Conclusions.

Addressing Policy Challenges

48. The Union is taking significant steps to meet a range of key policy challenges. The European Council endorses the Presidency report on EU activities in the framework of conflict prevention; incoming Presidencies are invited to build on the substantial progress made so as to make the Union more coherent, capable and active in this area. In the human rights area, the European Council welcomes the adoption of EU Guidelines on Human Rights Defenders and the adoption of a strategy for implementation of the EU Guidelines on Children and Armed Conflict.
49. The European Council also reaffirms its commitment to use all instruments at its disposal in the fight against proliferation of weapons of mass destruction and their means of delivery; it endorses the report on the implementation of the EU Strategy on Proliferation of WMD and adopted a Declaration on Criminal Sanctions in WMD-related materials.

50. The Union must continue to strengthen its leadership role in the fight against global poverty. The European Council expresses its concern at the faltering progress towards the achievement of the Millennium Development Goals, especially in Africa. It reiterates that the EU will intensify its efforts to fulfil the commitments undertaken in Monterrey, including through the exploration of innovative sources of financing, and will strongly support UN attempts to accelerate progress towards the achievement of the Goals.
51. The European Council again draws attention to the continuing ravages of HIV/AIDS in many of the world's poorest countries: despite some progress, the pandemic is rolling back decades of development effort in Africa and is also spreading at an alarming rate in some other areas. Sustained efforts by the EU and other international partners are essential. The European Council calls for vigorous follow up by the Union and relevant regional bodies on the outcome of the Ministerial Conference on HIV/AIDS in Europe and Central Asia hosted by the Presidency in Dublin on 23/24 February.

A More Active and Capable European Union

52. The European Council endorses the Presidency progress report on ESDP, which includes the mandate for the incoming Presidency.
53. It welcomes the substantial progress on preparations for an ESDP mission in follow on to SFOR in Bosnia and Herzegovina. It requests the incoming Presidency and the SG/HR to take forward the operational planning for the ESDP mission, should NATO decide to terminate SFOR at its forthcoming summit meeting in Istanbul. This is also a practical example of the strategic partnership in crisis management with NATO.
54. The European Council notes the successful conduct of the two ongoing ESDP missions – the EU Police Mission in Bosnia and Herzegovina and Operation Proxima in the Former Yugoslav Republic of Macedonia. It also welcomes progress being made towards deployment of the first EU Rule of Law mission under ESDP which is to commence shortly in Georgia.

55. Concrete progress is being achieved towards enhancing EU capabilities. The European Council endorses the Headline Goal 2010. The European Council also endorses the Action Plan for Civilian Crisis Management and welcomes the steps taken to further improve EU capacity to undertake military rapid response operations for crisis management. It also endorses the elaboration of modalities under which the EU could provide military capabilities in support of the United Nations. The incoming Presidency and the Secretary General/High Representative are invited to continue contacts with the UN on this issue.
56. The European Council welcomes the agreement on the Joint Action providing for the establishment of the European Defence Agency.
57. The European Council welcomes the important progress made on measures to enhance NATO/EU consultation, planning and operations as set out in the declaration accompanying these Conclusions and agrees to take the work forward as outlined. It emphasises the importance of these measures coming into force as soon as possible and of the necessary resources being provided as a matter of priority, thus enabling the new ESDP facilities to begin their work according to the agreed timetable.

Establishing new Partnership Initiatives

European Neighbourhood Policy

58. The European Council welcomes the Commission's proposals for a European Neighbourhood Policy (ENP) and endorses the GAERC Conclusions of 14 June. Enlargement has brought the Union closer to its neighbours to the east and to the south. The European Council reiterates the importance it attaches to strengthening co-operation with these neighbours, on the basis of partnership and joint ownership and building on shared values of democracy and respect for human rights.
59. The European Council welcomes enhanced dialogue with all ENP partners, east and south. It notes that the forthcoming Summit on 8 July will provide an opportunity to take stock of EU Ukraine relations. It also welcomes the inclusion of Armenia, Azerbaijan and Georgia in the ENP. This gives the EU another important instrument to promote progress on the wider reform agenda in each of these countries. It will also be possible to extend the full benefits of the ENP to Belarus when that country has established a democratic form of government, following free and fair elections; strengthened support for civil society in Belarus will help to build a more democratic, stable and prosperous country.

60. The European Council agrees that ENP action plans be developed with all Euro-Mediterranean partners that have association agreements in force. It invites the Council and the Commission to take the work forward. It notes that the Commission, with the contribution of the High Representative where appropriate, will present by July proposals for a first series of action plans with countries in the east and south, which have been prepared in consultation with the partner countries, for consideration by the Council.

Strategic Partnership with the Mediterranean and the Middle East

61. The European Council endorsed the Report of the Presidency, SG/HR and Commission on the EU's Strategic Partnership with the Mediterranean and the Middle East, which will establish a consistent basis for the EU's policies towards the countries concerned by setting out general principles and objectives.
62. The objective of this Strategic Partnership is to promote the development of a common zone of peace, prosperity and progress in the Mediterranean and the Middle East. It sets out a concrete policy agenda under which, through partnership and dialogue, and recognising diversities, the Union will seek to:
- Promote political reform, good governance, democracy and human rights;
 - Stimulate trade and economic cooperation, economic liberalisation and people to people contacts;
 - Promote conflict prevention and resolution in the Mediterranean and the Middle East and measures to combat terrorism, proliferation of weapons of mass destruction and illegal immigration.
63. The European Union reiterates its view that it will not be possible to fully build a common zone of peace, prosperity and progress unless a just and lasting settlement of the Arab-Israeli conflict is found. However, progress on the resolution of the conflict cannot be a pre-condition for confronting the urgent reform challenges facing our partners in the Mediterranean and the Middle East, nor vice versa.
64. The European Council recognises that the challenges identified cannot be addressed by maintaining the status quo. It welcomes the fact that this understanding is shared by the countries of the Mediterranean and the Middle East. Their commitment to reform has been expressed both in their consultations with the Union and through public statements, in particular the Tunis Declaration of the Arab League Summit of 22/23 May 2004 as well as the earlier Alexandria and Sana'a Declarations.

65. The European Union will pursue these goals with its partners primarily through existing structures and arrangements. The Euro-Mediterranean Partnership and the European Neighbourhood Policy will remain the cornerstone of the Union's framework for relations with the Mediterranean countries. The EU will also strengthen relations with members of the Gulf Cooperation Council and other countries of the Middle East. It will ensure that regional and bilateral assistance programmes under these instruments and frameworks reflect and contribute to the achievement of the objectives outlined above.
66. The European Council reaffirms the readiness of the EU to work with the US and other partners in cooperating with the countries concerned. It looks forward to reviewing the Middle East Peace Process and exploring the possibilities for coordinating our respective efforts to assist the reform process at the coming EU-US Summit on 26 June 2004.
67. The European Council will monitor development under the Strategic Partnership, and will review its progress and future direction in June 2005.

Working with Strategic Partners

68. The Union is continuing to develop its relationship with key strategic partners through productive co-operation across a range of issues as well as through Summit meetings. The European Council expresses its confidence that the strength, depth and significance of the EU-US relationship will be demonstrated in a successful EU-US Summit on 26 June; the relationship is also being reinforced through enhanced economic partnership and intensified business dialogue. Substantial progress has been made over the recent period in EU-Canada relations, particularly at the Summit in Ottawa on 18 March. The continuing importance of the EU-Japan relationship will be marked at the EU-Japan Summit on 22 June.

69. The European Council welcomes the outcome of the EU-Russia Summit on 21 May, including the agreement reached in relation to preparations for Russia's accession to the WTO. The Summit followed extension of the Partnership and Co-operation Agreement to the enlarged Union; the EU now looks forward to ratification without delay of the PCA Protocol. It also welcomes the Russian government's commitment to early signature and ratification of agreements on Russia's borders with Estonia and Latvia. The European Council emphasises that a full agenda lies ahead with our Russian partners, including the priority of developing the four "common spaces". Environmental cooperation in the Baltic sea region will form an important part of this agenda. Reiterating its call for early ratification by Russia of the Kyoto Protocol, and following President Putin's commitment to speed up movement towards ratification, the European Council invites the Commission to engage with the Russian authorities on the benefits which ratification will bring within Russia as well as more widely.
70. The European Council reiterates its commitment to pursue its strategic partnership with China and to develop a strategic relationship with India, based on shared understanding and dialogue.

Regional Relationships

71. The European Council reaffirms its commitment to deepen the dialogue with regional partners. It welcomes recent progress in the EU-Africa dialogue, including the productive outcome to the Ministerial Troika in Dublin on 1 April, and encourages further efforts to develop and upgrade this dialogue. The new spirit of self-help exemplified by NEPAD provides a real impetus. The successful launching of the African Peace Facility, as well as work within the ESDP framework, establishes a basis for closer and more effective co-operation between the EU and Africa in the vitally important area of conflict management and prevention.
72. The European Council also welcomes the reinforcing of the EU-Latin America and Caribbean relationship at the Summit in Guadalajara, Mexico on 28/29 May and underlines its commitment to fully developing the potential of this relationship. Building on the outcome of the Guadalajara Summit, the Union will begin to work towards the next Summit in Vienna in 2006.

Specific situations of concern

73. The European Council considered a number of specific situations of concern. It adopted Conclusions on Iraq and on the Middle East Peace Process as attached.

Sudan/Darfur

74. The European Council emphasises its deep concern at the continued humanitarian crisis and large scale human rights violations in Darfur. It calls on the Government of Sudan to do its utmost to ensure humanitarian access, the protection and security of civilians and humanitarian workers, and to disarm the militias. It welcomes the N'djamena ceasefire agreement of 8 April 2004 and urges the parties to conclude a political agreement as soon as possible. It commends the efforts by the African Union (AU) to implement the ceasefire monitoring mechanism in the Darfur region and confirms the EU's involvement in, and financial support to this mission.

Democratic Republic of Congo

75. The European Council expresses its deep concern at the recent events in the Eastern Congo, which could jeopardise the transition process. It calls upon the Congolese leadership to fully assume its responsibility in carrying out the transition agenda and reiterates that rapid disarmament, demobilisation and reintegration of ex-combatants as well as the establishment of a unified, integrated army and police are critical factors for its success. It reiterates its support to the UN operation in the DRC. The European Council calls upon all neighbouring countries, in particular Rwanda, to do all in their power to support the peace process in the DRC and to co-operate both bilaterally and multilaterally in fields of mutual benefit. The EU stands ready to assist these countries in these efforts.

Iran

76. The European Council stresses the Union's desire to move towards a closer relationship with Iran, on the basis of action by Iran to address the EU's concerns regarding Iran's nuclear programme, the fight against terrorism, human rights, and Iran's approach to the Middle East Peace Process. It notes the ongoing work of the IAEA in Iran and urges full cooperation with the Agency in a spirit of full transparency in relation to its nuclear programme, with a view to solving all outstanding questions. The European Union will continue discussion in light of IAEA Director-General El-Baradei's recent report and the outcome of the IAEA Board of Governors meeting currently taking place in Vienna.

EUROPEAN COUNCIL 17/18 JUNE

EUROPEAN DEFENCE: NATO/EU CONSULTATION, PLANNING AND OPERATIONS

The European Council welcomed the report (doc no 10596/04 of 15 June 2004) by the Secretary-General/High Representative on the progress so far in taking forward the proposals in the document "European defence: NATO/EU consultation, planning and operations", which was welcomed by the European Council in Brussels in December 2003. The European Council reaffirmed the importance of these measures coming into force as soon as possible and of the necessary resources being provided as a matter of priority.

The European Council agreed to take forward work on the establishment of a civilian/military cell within the EU Military Staff, as set out in the abovementioned report, and agreed that the cell should begin its work at the latest by the end of this year.

The European Council agreed to take forward work on the establishment of a small EU cell at SHAPE and NATO liaison arrangements with the EUMS, as set out in the abovementioned report, and invited the SG/HR to contact the NATO Secretary-General with the aim of securing early agreement, entering into force by the end of this year.

The European Council agreed to take forward work on establishing an operations centre. The European Council agreed that the ability rapidly to set up an operations centre should be available by 1 January 2006 at the latest. The European Council reaffirmed the importance of the parameters for this capacity set out in the Presidency paper endorsed by the December 2003 European Council, in particular that this will not be a standing HQ, that the main option for autonomous military operations remains national HQs and that a decision to draw on the collective capacity of the EUMS would be taken, upon the advice of the Military Committee, in particular where a joint civil/military response is required and where no national HQ is identified. In this context, and thus taking into account the capabilities and other specificities which arise from this not being a standing HQ, the European Council agreed that the objective should be for an operations centre to be able to plan and conduct operations, within the spectrum of tasks envisaged in the Treaty, on the scale of operation Artemis. The European Council invited the SG/HR to provide a detailed proposal to that effect, as the basis for further discussion in the PSC, on advice from the EUMC and Civcom. It recalled that, in the light of lessons learned, further developments of the scope or nature of this capacity could be examined and that this would require further decision by the Council.

The European Council emphasised the need to exploit fully the synergies between these new ESDP facilities and existing Council structures. In that context, the European Council welcomed the understanding that the civ/mil cell and facilities for an operations centre should be located in the same building as the main structures of the EUMS, as well as, to the maximum extent possible, with the pol-mil structures of DGE.

EUROPEAN COUNCIL 17/18 JUNE

IRAQ

The EU affirms its objective of a secure, stable, unified, prosperous and democratic Iraq that will make a positive contribution to the stability of the region; an Iraq that will work constructively with its neighbours and with the international community to meet shared challenges. It agrees that the EU as a whole should work in partnership with the Iraqi Interim Government and the Iraqi people, with the aim of realising these objectives.

Against this background, the European Council looks forward to the restoration of Iraqi sovereignty by 30 June 2004 and welcomes the formation, with the help of the UN, of a fully sovereign Iraqi Interim Government which will assume full authority from that day, upon the end of the occupation and the dissolution of the Coalition Provisional Authority.

In this context, the European Council welcomes the unanimous adoption of UNSCR 1546, which provides the Iraqis with international support so they can freely determine their political future and rebuild their country, and mandates the UN to play, as circumstances permit, a leading role in the political transition.

The European Council welcomes the new Iraqi Prime Minister's commitment to strengthening national unity, and underlines the importance of the forthcoming National Conference as a further way of increasing political representativeness in Iraqi political institutions before the holding of elections by January 2005.

The European Council welcomes the prospect of the elections to the Transitional National Assembly by January 2005 as a major step towards the establishment of a democratic Iraq. In this regard, the European Council welcomes the formation of the Independent Electoral Commission for Iraq, and the UN's leading role in advising the Iraqi Interim Government on the electoral process.

The European Council endorses the Commission Communication "The EU and Iraq - A Framework for Engagement" and the High Representative and Commission's letter setting out further areas for engagement. The European Council requests that the GAERC in July consider the specific recommendations of the Commission and High Representative and agree appropriate first steps to be taken. These steps could include:

- continued provision of technical, economic and reconstruction assistance;
- establishing close engagement with UN teams, including on preparations for elections;
- enhancing the representation of the EU in Iraq, as circumstances permit;
- beginning a process of political dialogue;
- using the EU's dialogue with Iraq's neighbours to encourage positive engagement and regional support for the political and reconstruction process in Iraq.

To take this forward, the Council is invited to hold a Troika meeting with the new Iraqi Government as soon as possible, and to invite the Iraqi Prime Minister to address the Council.

The European Council will examine progress on engagement with Iraq at the November 2004 European Council.

The European Council welcomes the possibility of an international meeting to support the Iraqi political transition and Iraqi recovery, to the benefit of the Iraqi people and in the interest of stability in the region.

Referring to the report of the UN High Commissioner for Human Rights on the present situation of human rights in Iraq, the European Council emphasises the importance of the effective protection and promotion of human rights and encouraged the new Iraqi Government to take appropriate action.

The European Council reiterates its condemnation of terrorist attacks, which have been the cause of so much death and destruction. It also condemns the taking of hostages and the murders which have been committed. The European Council regrets that the campaign of terrorist violence in Iraq is prolonging the suffering of the Iraqi people by posing difficulties for political progress and economic reconstruction in Iraq. The European Council welcomes the commitment under UNSCR 1546 for all parties to act in accordance with international law, including obligations under international humanitarian law and calls on them to ensure observance of these obligations.

EUROPEAN COUNCIL 17/18 JUNE

MIDDLE EAST PEACE PROCESS

The European Council reviewed recent developments in the Middle East. It expresses concern at the continuing violence affecting both Israelis and Palestinians. It repeats its call for an end to terrorist attacks which have claimed many innocent lives. It calls upon the Palestinian Authority to take action against those involved in terrorism. While recognising Israel's legitimate right to self defence, it recalls the obligation on Israel to exercise this right within the parameters of international law. It expresses deep concern at the continuing humanitarian crisis in the Occupied Palestinian Territories and calls on the Israeli Government, in line with international law and UN Security Council Resolution 1544, to cease demolitions and to take urgent action to alleviate the suffering of Palestinians.

The European Council welcomes the prospect of Israeli withdrawal from the Gaza Strip. Such a withdrawal would represent a significant step towards the implementation of the Roadmap, provided that it is implemented in accordance with the elements identified in the conclusions of the European Council of March 2004. The EU will not recognise any change to the pre-1967 borders other than those arrived at by agreement between the parties. The European Council invites the High Representative to meet Israeli and Palestinian authorities to examine the European contribution to the withdrawal and the implementation of the Roadmap.

The European Council welcomes the outcome of the Quartet meeting held in New York on 4 May. It also welcomes the renewal of the Beirut Peace Initiative of the League of Arab States and continued support for the Roadmap at the Summit meeting held in Tunis on 22/23 May and the League's rejection of acts of violence against civilians without discrimination. The European Council welcomes the G8 Statement inviting the Quartet to meet before the end of this month to reinvigorate the Middle East Peace Process.

The European Council reaffirms its belief that the Roadmap represents the only route to achieving a negotiated two-State solution. It is determined to pursue vigorously the course set out in the Roadmap and calls on both sides to fulfil their obligations under the Roadmap.

The European Council urges the Palestinian Authority to take immediate, decisive steps to consolidate all Palestinian security services under the clear control of a duly empowered Prime Minister and Interior Minister. It reaffirms its readiness to support the Palestinian Authority in taking responsibility for law and order, and in particular, in improving its civil police and law enforcement capacity. The European Union commends and supports the involvement of the Government of Egypt in this regard. The European Council urges the development of contacts and dialogue between Israel and the Palestinian Authority.

The European Council also urges Israel to reverse its settlement policy and to freeze all settlement activity, to dismantle outposts erected since March 2001 and to end land confiscations and the construction of the so-called security fence, all of which threaten to render the two-State solution physically impossible to implement.

The European Council calls for renewed efforts towards a comprehensive ceasefire as a step towards dismantlement of terrorist capabilities and infrastructure and renewed progress towards peace.

The European Council welcomes the establishment of the World Bank's Trust Fund and urges international support for this important initiative for Palestinian economic and social reconstruction.

The European Council reaffirms its conviction that a just and durable solution in the peace process can only be achieved through negotiations between the parties and the support of the international community. Violence and terror have no place in the search for a just and lasting peace in the Middle East. A political perspective is essential to the peace process. The European Council recalls that a comprehensive peace must also include Syria and Lebanon.
