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MEMORANDUM TO THE COMMISSION

The attached proposals constitute the legal instruments for the signature and the conclusion of the Stabilisation and Association Agreement between the European Communities and their Member States on the one part, and Montenegro on the other part:

- (i) Proposal for a Council Decision for the signature of the Agreement on behalf of the European Community;
- (ii) Proposal for a Council and Commission Decision for the conclusion of the Agreement.

The Commission is further invited to adopt the necessary decisions with regard to the signing and conclusion of the Stabilisation and Association Agreement on behalf of the European Atomic Energy Community (Euratom).

In accordance with Council negotiating directives adopted on 24 July 2006 the Commission concluded negotiations on a Stabilisation and Association Agreement (SAA) with Montenegro, after consultations which were undertaken in close consultation with the Special Committee created for this purpose (namely COWEB) and with the EU Member States, by initialling the agreement in Podgorica on 15 March 2007.

The Stabilisation and Association Agreement focuses on the following main elements:

- provision for political dialogue with Montenegro;
- provisions on enhanced regional co-operation, including the perspective of establishing free trade areas between the countries of the region;
- the perspective of the establishment of a free-trade area between the Community and Montenegro within five years of the entry into force of the Agreement;
- provisions on the movement of workers, freedom of establishment, supply of services, current payments and movement of capital;
- the commitment by Montenegro to approximate its legislation to that of the EC, notably in key areas of the internal market;
- provisions on co-operation with Montenegro in a wide range of fields, including justice, freedom and security.
- provision for the establishment of a Stabilisation and Association Council which supervises the implementation of the Agreement, of a Stabilisation and Association Committee and a Stabilisation and Association Parliamentary Committee.

The procedures for the signature and the conclusion of the Agreement are different for the two European Communities: (the European Community and the European Atomic Energy Community):

- a) as regards signature, Article 300 (2), first subparagraph of the EC Treaty provides that the Council decides upon the signing of an Agreement on behalf of the European Community; on the contrary the EAEC Treaty does not provide for any specific procedure regarding the signature of an agreement, but it follows from the logic of Article 101 EAEC that it is for the Commission to decide the signing on behalf of the European Atomic Energy Community;
- b) as regards conclusion of the Agreement:
 - the Council concludes the Agreement on behalf of the European Community, after having received the assent of the European Parliament, by virtue of Article 310 in conjunction with Article 300 of the EC Treaty;
 - the Commission concludes the Agreement on behalf of the European Atomic Energy Community by virtue of second paragraph of Article 101 of the EAEC Treaty after having received approval of the Council;
 - traditionally, these two decisions regarding conclusion of an agreement for both the EC and the EAEC are joint into a single document, in order to ensure simultaneous conclusion by both Communities.

It is to be noted that the entry into force of the SAA will moreover require ratification by Montenegro and by all Member States.

In line with the above the Commission is asked:

- (1) to propose to the Council to:
 - (i) sign the Agreement on behalf of the European Community ;
 - (ii) conclude the Agreement on behalf of the European Community and to give its approval for conclusion by Euratom;
- (2) to decide to:
 - (i) sign the Agreement on behalf of the European Atomic Energy Community and to empower to that effect the Member of the Commission responsible for Enlargement to sign or to designate the person(s) empowered to sign the Agreement;
 - (ii) subject to the approval of the Council, conclude the Agreement simultaneously with the Council, on behalf of the European Atomic Energy Community, and to empower to that effect the President to sign the relevant Council and Commission Decision.