

EN

COMMISSION REPORT

2007 General Report — FINAL — Group 2

<GRP>

<T4>Chapter V

<T1>Europe as a global partner

Background

Strengthening the Union's role as a global player

After the informal meeting of Heads of State or Government at Hampton Court in October 2005, it was agreed that the European Union needed to take steps to reinforce its external action and the link between internal and external policies, despite the setback to the Treaty establishing a Constitution for Europe. Hence the Commission adopted a communication in 2006 presenting a series of practical proposals intended to bring greater coherence, effectiveness and visibility to Europe in the world, but without entailing any amendments to the Treaty. The objective is to strengthen the Union's role as a global player through better strategic planning by holding informal meetings at each change of Presidency of the European Council and through improved cooperation between the Commission and the Council Secretariat, enhanced relations with the Member States through a staff exchange programme involving their diplomatic services and the Council Secretariat, and improved accountability concerning external action, public information and global visibility.

<T6>Section 1

<T2>5.1. Proximity ties

<T3>5.1.1. The enlargement process and the pre-accession strategy

General approach

With the entry into force of the Treaty of Accession of Bulgaria and Romania, these two countries became Member States of the European Union on 1 January.

On 6 November the Commission adopted a communication 'Enlargement strategy and main challenges 2007–08' ⁽¹⁾. It refers to the current enlargement agenda, which covers the countries of the western Balkans and Turkey. It follows up on the renewed consensus on enlargement agreed by the December 2006 European Council, which is based on the principle of consolidation of commitments, equitable and rigorous conditionality and better communication with the public, combined with the European Union's capacity to integrate new members. The communication identifies the measures taken to improve the quality of the enlargement process by tackling difficult reforms at an early stage, making full use of benchmarks, contributing to greater transparency in negotiations and preparing the first

⁽¹⁾ COM(2007) 663.

impact studies in key policy areas. It also presents an approach for addressing major challenges in the candidate countries, such as State building, the rule of law, reconciliation, administrative and judicial reforms, and the fight against organised crime and corruption. The communication proposes measures to help these countries on their way to accession, such as a facility to promote civil society development and dialogue and closer donor coordination, and measures to foster public support for further enlargements.

To establish updated reform priorities, together with the communication the Commission presented proposals for Council decisions revising the accession partnerships with Turkey ⁽²⁾, Croatia ⁽³⁾ and the former Yugoslav Republic of Macedonia ⁽⁴⁾, and the European partnerships with Albania ⁽⁵⁾, Bosnia and Herzegovina ⁽⁶⁾ and Serbia ⁽⁷⁾ ⁽⁸⁾. The Council had already adopted the European partnership with Montenegro on 22 January ⁽⁹⁾ (see below). The partnerships list the priorities for the countries concerned in their preparation for future integration in the European Union. The priorities provide the basis for programming Community financial assistance, which will continue under the relevant financial instruments, including the Instrument for Pre-accession Assistance.

In 2007, visa facilitation agreements and readmission agreements ⁽¹⁰⁾ were signed between the European Union and the countries of the western Balkans (a readmission agreement is already in force with Albania). The agreements will enter into force on 1 January 2008. They will significantly improve the conditions for obtaining European Union entry visas and are an important step towards full liberalisation of visa arrangements.

Financial assistance

The new Instrument for Pre-Accession Assistance (IPA) ⁽¹¹⁾, which entered into force on 1 January, brings together all pre-accession assistance under a single instrument and replaces the pre-accession financial instruments Phare, Ispa and Sapard, the pre-accession instrument for Turkey and the financial instrument for the western Balkans, CARDS. The IPA covers the candidate countries and potential candidates and will supply a total of EUR 11 468 million in assistance over the period 2007–13.

On 6 November the multiannual indicative financial framework (MIF) for the IPA for 2009–11 was adopted ⁽¹²⁾. It provides information on the indicative breakdown of the total amount allocated to the instrument, as proposed by the Commission and provided for in the IPA regulation. It acts as the link between the political framework defined in the enlargement package and the budgetary process and indicates the allocation of the funds for pre-accession assistance by country and by component for these years. It also gives an indication of the funds allocated to regional and horizontal programmes and to support expenditure. Table 1 shows the breakdown of IAP funding for 2007 ⁽¹³⁾ allocated by country and by component.

⁽²⁾ COM(2007) 661.

⁽³⁾ COM(2007) 658.

⁽⁴⁾ COM(2007) 659 and COM(2007) 662.

⁽⁵⁾ COM(2007) 656.

⁽⁶⁾ COM(2007) 657.

⁽⁷⁾ Including Kosovo, under the auspices of the United Nations, pursuant to UN Security Council Resolution 1244 of 10 June 1999.

⁽⁸⁾ COM(2007) 660.

⁽⁹⁾ Decision 2007/49/EC (OJ L 20, 27.1.2007).

⁽¹⁰⁾ See 'Border management and immigration' in Chapter IV, Section 1, of this Report.

⁽¹¹⁾ Regulation (EC) No 1085/2006 (OJ L 210, 31.7.2006).

⁽¹²⁾ COM(2007) 689.

⁽¹³⁾ COM(2006) 672.

The Commission adopted the first multiannual indicative planning documents (MIPDs) for all the accession candidates in the first half of 2007. These strategic planning documents, which are drafted for each country and for multi-beneficiary programmes, take account of the indicative breakdown proposed in the MIFF. Pre-accession assistance is provided on the basis of these documents. In the second half of 2007 the Commission adopted all the annual and multiannual programmes, in which the broad areas of intervention and priorities identified in the MIPDs are broken down into concrete measures and projects to be financed.

In 2007 Turkey, Croatia and the former Yugoslav Republic of Macedonia became beneficiaries of the regional development and human resources development components of the IPA. The regional development component supports the preparation and implementation of Community cohesion policy, in particular for the European Regional Development Fund and Cohesion Fund, while the human resources development component is for preparation for cohesion policy and for the European Social Fund. Operational programmes to help candidate countries in these key areas are planned for a total of EUR 920 million for the period 2007–09. These countries will also receive support under the IPA’s rural development component, which supports preparation for the common agricultural policy and related policies and for the European Agricultural Fund for Rural Development (EAFRD). The amount allocated to this component for the period 2007–09 is EUR 255 million.

On 27 February, following the Court of Auditors report on the discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2005, the Council commended the sound management of the pre-accession funds.

On 6 November the Commission adopted the ‘2006 report on Phare, pre-accession and transition instruments’⁽¹⁴⁾, which evaluates progress on the Phare programme for the 10 new Member States and Bulgaria, Romania and Croatia. The report also monitors the level of implementation of the transition facility programme for the new Member States as well as the pre-accession instruments for Cyprus, Malta and Turkey.

On 7 November the Commission adopted the annual report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2006⁽¹⁵⁾. The report analyses progress with implementation of the ISPA in the beneficiary countries (Bulgaria, Croatia and Romania). Following the accession of Bulgaria and Romania to the European Union in January, Croatia became the only beneficiary of the ISPA.

On 9 November the Commission adopted the general report on pre-accession assistance (Phare — ISPA — Sapard) in 2006⁽¹⁶⁾, covering activities financed by the three pre-accession instruments in 2006.

TABLE 1

Breakdown of the Instrument for Pre-Accession Assistance envelope for 2007 into allocations by country and component

		<i>(EUR)</i>
Country	Component	2007
Croatia	Transition assistance and institution building	49 611 775
	Cross-border cooperation	9 688 225

⁽¹⁴⁾ COM(2007) 679.

⁽¹⁵⁾ COM(2007) 685.

⁽¹⁶⁾ COM(2007) 692.

	Regional development	45 050 000
	Human resources development	11 377 000
	Rural development	25 500 000
	Total	141 227 000
Former Yugoslav Republic of Macedonia	Transition assistance and institution building	41 641 613
	Cross-border cooperation	4 158 387
	Regional development	7 400 000
	Human resources development	3 200 000
	Rural development	2 100 000
	Total	58 500 000
Turkey	Transition assistance and institution building	256 702 720
	Cross-border cooperation	2 097 280
	Regional development	167 500 000
	Human resources development	50 200 000
	Rural development	20 700 000
	Total	497 200 000
Albania	Transition assistance and institution building	54 318 790
	Cross-border cooperation	6 681 210
	Total	61 000 000
Bosnia and Herzegovina	Transition assistance and institution building	58 136 394
	Cross-border cooperation	3 963 606
	Total	62 100 000
Montenegro	Transition assistance and institution building	27 490 504
	Cross-border cooperation	3 909 496
	Total	31 400 000
Serbia	Transition assistance and institution building	181 496 352
	Cross-border cooperation	8 203 648
	Total	189 700 000
Kosovo (*)	Transition assistance and institution building	68 300 000
	Cross-border cooperation	0
	Total	68 300 000
Total country programmes		1 109 427 000
Regional and horizontal programmes		108 980 000
Administrative costs		44 793 000
Grand total		1 263 200 000

(*) As defined by UN Security Council Resolution 1244.

Candidate countries

Turkey

Accession negotiations with Turkey continued. The Commission submitted 27 out of a total of 33 screening reports to the Council. So far, negotiations have been opened on four chapters of the Community *acquis* (science and research, industrial policy, statistics and financial control) and provisionally closed on one (science and research).

The enhanced political dialogue between the European Union and Turkey continued. Political dialogue meetings were held in June and November at ministerial level and in March and September at political director level. The Association Committee met in March. Bilateral trade between the European Union and Turkey further increased under the EC–Turkey customs union, making Turkey the Union’s seventh biggest trading partner.

According to the progress report of 6 November⁽¹⁷⁾, Turkey continued to meet the Copenhagen political criteria adequately. As regards the economic criteria, Turkey could be regarded as a functioning market economy. Turkey had improved its ability to take on the obligations of membership, with progress made in most areas, although alignment needed to be pursued.

Croatia

⁽¹⁷⁾ COM(2007) 663 and SEC(2007) 1436.

Accession negotiations with Croatia continued. Following the conclusion of the screening process, all 33 screening reports were submitted to the Council by the Commission. So far, negotiations have been opened on 14 *acquis* chapters (science and research, education and culture, economic and monetary policy, industrial policy, customs, intellectual property rights, services, company law, statistics, financial services, financial control, information society and media, consumer and health protection, and external relations) and provisionally closed on two (science and research, education and culture).

Political dialogue meetings were held in Brussels in April at ministerial level and in June at senior official level. The Stabilisation and Association Council met in April.

On 25 April the European Parliament adopted a resolution on the Commission's 2006 progress report. On the basis of the Commission's progress report, on 10 December the Council commended Croatia for the overall progress it had continued to make throughout the year, which allowed the country to enter an increasingly important and demanding stage of the process. While noting that negotiations were on the right track, the Council said that further sustained efforts were required in a number of areas. Croatia needed to build on its achievements and to make further progress, particularly with judicial and administrative reforms, the fight against corruption, economic reforms, minority rights, the return of refugees and the conduct of war crimes trials. Continued efforts towards good neighbourly relations were also needed, including work to find satisfactory solutions to pending bilateral issues with neighbouring countries, especially border issues.

Former Yugoslav Republic of Macedonia

The Stabilisation and Association Committee met in June and the Stabilisation and Association Council in July.

On 12 July the European Parliament adopted a resolution on the Commission's 2006 progress report. It welcomed the progress made, but pointed out that the reform momentum must be maintained and that the legislation adopted should be properly and promptly implemented, especially in the fields of the police, the judiciary, public administration and the fight against corruption.

In its progress report of 6 November ⁽¹⁸⁾ the Commission welcomed some of the results achieved, notably in the fight against corruption and some economic reforms. It also expressed its concern that the continuing political tensions in the country were still delaying the adoption of reforms.

Potential candidate countries

Albania

An interim agreement with Albania has been in force since December 2006. A ministerial troika meeting with Albania in June focused on key political priorities, including regional issues. On 6 December the Joint Committee held its annual meeting to oversee the proper functioning of the interim agreement under the stabilisation and association agreement.

⁽¹⁸⁾ COM(2007) 663 and SEC(2007) 1432.

On the basis of the Commission's progress report, on 10 December the Council noted that Albania had made progress in a number of areas and had met its trade commitments under the stabilisation and association agreement well. However, it noted that good governance and the rule of law, in particular the fight against corruption and organised crime, remained major challenges calling for sustained efforts.

Bosnia and Herzegovina

In March and July the Council reviewed the mandate of the European Union Special Representative and extended it to February 2008. On 18 June the Council adopted a decision appointing Mr Miroslav Lajčák as the European Union's Special Representative in Bosnia and Herzegovina from 1 July 2007 to 29 February 2008 ⁽¹⁹⁾ (see also 'Common foreign and security policy' in Section 4 of this chapter).

In September a ministerial troika meeting was held with Bosnia and Herzegovina on the occasion of the UN Assembly General. In November the Council extended the mandate of the European Union police mission (EUPM) to the end of 2009. On the basis of the Commission's progress report of 6 November ⁽²⁰⁾, on 10 December the Council welcomed the latest positive developments, including renewed commitment to police reform. It reiterated its concern over the political situation in Bosnia and Herzegovina and the slowdown in the reform process over the last year.

Montenegro

On 22 January the Council adopted a decision on the European partnership with Montenegro ⁽²¹⁾ after the country became independent in June 2006. The decision includes the components relating to Montenegro that were already contained in the European partnership with Serbia and Montenegro ⁽²²⁾ and adds recommendations relating to Montenegro's new powers and the challenges it faces following its independence.

A stabilisation and association agreement and an interim agreement on trade and trade-related matters with Montenegro were signed on 15 October ⁽²³⁾. The interim agreement was to enter into force on 1 January 2008. To enable Montenegro to participate in Community programmes, the Council adopted a decision provisionally applying Protocol No 8. The Commission delegation in Montenegro became operational on 1 November.

In its progress report of 6 November ⁽²⁴⁾, the Commission highlighted Montenegro's progress with institutional and judicial development, in particular the adoption of a constitution which was largely in line with European standards. It also encouraged Montenegro to continue with its reforms, particularly as regards combating organised crime and corruption, and increasing its administrative capacity.

Serbia ⁽²⁵⁾

⁽¹⁹⁾ Decision 2007/427/CFSP (OJ L 159, 20.6.2007).

⁽²⁰⁾ COM(2007) 663 and SEC(2007) 1430.

⁽²¹⁾ Decision 2007/49/EC (OJ L 20, 27.1.2007).

⁽²²⁾ Decision 2006/56/EC (OJ L 35, 7.2.2006).

⁽²³⁾ COM(2007) 350 (OJ C 191, 17.8.2007).

⁽²⁴⁾ COM(2007) 633 and SEC(2007) 1434.

⁽²⁵⁾ Including Kosovo, under the auspices of the United Nations, pursuant to UN Security Council Resolution 1244 of 10 June 1999.

A political dialogue meeting at ministerial level was held with Serbia in March. In November the Commission adopted a proposal for a decision on the signing of a stabilisation and association agreement (SAA) ⁽²⁶⁾. Full cooperation with the International Criminal Tribunal for the former Yugoslavia is required before the SAA can be signed.

On the basis of the Commission's progress report of 6 November ⁽²⁷⁾, on 10 December the Council called for further reform efforts, in particular with the judiciary and the security sector, as well as the fight against corruption and structural economic reforms. In view of Serbia's institutional capacity, the Council was confident that the country would be capable of implementing a future stabilisation and association agreement and accelerating its preparations on the way towards the European Union.

In March the UN Special Envoy for the Kosovo status process, former Finnish President Martti Ahtisaari, submitted his comprehensive proposal for the Kosovo status settlement to the UN Secretary-General. Since no agreement regarding the future status of Kosovo could be reached at the United Nations Security Council, a series of meetings and direct talks between Priština and Belgrade started on 28 September, facilitated and mediated by a European Union–United States–Russia troika. The talks yielded no results and the troika contact group presented the factual report on the process to the UN Secretary-General on 7 December. Two meetings of the stabilisation and association process tracking mechanism with Kosovo, as defined by UN Security Council Resolution 1244 (1999), were held, in March and in November.

On 10 December the Council noted the progress made by the provisional institutions of self-government in addressing certain priorities, but stressed the need for major efforts to strengthen the rule of law, anti-corruption policy and the fight against organised crime, as well as to enhance the dialogue between the communities. It recalled the crucial importance of further effective implementation of the Kosovo standards, including the protection of minorities and historical and religious sites, and stressed that resolving the status of Kosovo would facilitate progress with the reform agenda. The Council confirmed that the European Union would continue to assume its responsibilities in Kosovo.

International Criminal Tribunal for the former Yugoslavia

On 5 March the Council again renewed the measures in support of the effective implementation of the mandate of the International Criminal Tribunal for the former Yugoslavia (ICTY) ⁽²⁸⁾. The measures are designed to prevent the entry into the European Union of individuals engaging in activities that help persons at large indicted by the ICTY to continue to evade justice for crimes, or otherwise acting in a manner which could obstruct the ICTY's effective implementation of its mandate.

On 18 June ⁽²⁹⁾ and 23 July ⁽³⁰⁾ the Council adopted decisions implementing Common Position 2004/293/CFSP renewing measures in support of the effective implementation of the mandate of the ICTY. On 28 June ⁽³¹⁾ it adopted a decision implementing Common Position 2004/694/CFSP on further measures in support of the effective implementation of the

⁽²⁶⁾ COM(2007) 743.

⁽²⁷⁾ COM(2007) 663 and SEC(2007) 1435.

⁽²⁸⁾ Common Position 2007/150/CFSP (OJ L 66, 6.3.2007).

⁽²⁹⁾ Decision 2007/423/CFSP (OJ L 157, 19.6.2007).

⁽³⁰⁾ Decision 2007/521/CFSP (OJ L 192, 24.7.2007).

⁽³¹⁾ Decision 2007/449/CFSP (OJ L 169, 29.6.2007).

mandate of the ICTY. All three decisions amended the list of persons subject to restrictive measures.

Further information on the ICTY may be found under ‘Common foreign and security policy’ in Section 4 of this chapter).

Turkish Cypriot community

In its conclusions of 22 January on the development of the Turkish Cypriot community, the Council noted the progress made, in particular as regards the financial aid regulation, the objective of which is to facilitate the reunification of Cyprus. Work aiming at the adoption of a Council regulation on special conditions for trade with the areas of Cyprus in which the Cypriot government does not exercise effective control must be resumed without delay.

<T3>5.1.2. European neighbourhood policy

General

On 7 March the Commission adopted the 2007–13 strategy papers and 2007–10 indicative programmes for partner countries of the European Neighbourhood and Partnership Instrument (ENPI) ⁽³²⁾ and Russia. Particular emphasis will be placed on the country programmes, which support implementation of the political, economic, social and governance reform programmes initiated by the partners. Some 73 % of the EUR 5.6 billion available for the period 2007–10 will be invested in supporting their implementation of the European neighbourhood policy (ENP). Russia’s share of this amount will make it possible to co-finance implementation of the common space roadmaps. A total of EUR 865 million is available for regional cooperation activities and EUR 277 million (doubled by an equivalent amount from the European Regional Development Fund) for cross-border cooperation involving cooperation between local and regional authorities on either side of the European Union border. On the basis of the priorities defined in these documents, the Commission will identify measures to receive annual Community support.

On 11 April the Commission adopted the communication ‘Black Sea synergy — A new regional cooperation initiative’ ⁽³³⁾. When Bulgaria and Romania joined the European Union, the Black Sea became one of its external borders. Black Sea synergy is intended as a policy framework for a range of practical activities and will initially focus on areas of cooperation in which Union presence/support is already significant, such as energy, transport and the environment. It may also offer additional ways of addressing issues relating to ‘frozen conflicts’. Support for civil society and the social dimension will also be a priority. As a general rule, co-financing will be applied. Where appropriate, Community financial support could be available under the European Neighbourhood and Partnership Instrument ⁽³⁴⁾ and other instruments. This communication was welcomed by the Council in its conclusions of 14 May.

At its 21 and 22 June meeting, the European Council reaffirmed the paramount importance of the European neighbourhood policy (ENP), which aims at consolidating a ring of prosperity, stability and security based on human rights, democracy and the rule of law, and at supporting the process of reform and modernisation of partners in the Union’s neighbourhood. It

⁽³²⁾ Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Moldova, Morocco, Syria, Tunisia and Ukraine.

⁽³³⁾ COM(2007) 160 (OJ C 181, 3.8.2007).

⁽³⁴⁾ Regulation (EC) No 1638/2006 (OJ L 310, 9.11.2006).

approved the Council's conclusions on reinforcing the ENP and the Presidency progress report, which includes a series of measures for further enhancing the policy.

On 3 September the Commission organised a conference under the title 'Working together — Strengthening the European neighbourhood policy'. For the first time, ministers from the ENP countries to the south and east and representatives of civil society met to exchange views. The results of the conference will provide the basis for further work.

On 5 December the Commission adopted a communication 'A strong European neighbourhood policy' ⁽³⁵⁾. The communication presents the measures that the Member States and the Commission should take, particularly in the fields of trade, mobility and the settlement of 'frozen conflicts' in countries that are neighbours to the European Union. Some measures are planned for 2008 to enhance the sectoral reforms launched in these countries.

Southern Mediterranean

In 2007, the European Union and its Mediterranean partners continued negotiations to enhance their trade relations with a view to creating a Euro-Mediterranean free-trade area to come into effect by 2010. Negotiations focused on the liberalisation of services and investment, agriculture and fisheries, and the harmonisation of technical legislation. There was also progress on regional integration among the southern Mediterranean countries, in particular through the entry into force of the Agadir agreement between Egypt, Jordan, Morocco and Tunisia.

On 15 March the European Parliament adopted a resolution on Euro-Mediterranean relations ⁽³⁶⁾. It considered it appropriate to strengthen the political dimension of neighbourhood towards the south in view of the increased complexity of relations with the Mediterranean region, in respect of which the Barcelona process represented a significant step forward. On the same day it adopted a resolution on the construction of a Euro-Mediterranean free-trade zone by 2010, in which it stressed the lack of effort made by the European partners, and criticised the inadequacy of the resources granted for financial and technical assistance for local economies, and expressed its desire to see a Euro-Mediterranean energy market created to help address current challenges.

On 17 October the Commission adopted a communication on the preparation of the Lisbon Euro-Mediterranean Foreign Affairs Conference, 'The Euro-Mediterranean partnership: advancing regional cooperation to support peace, progress and inter-cultural dialogue' ⁽³⁷⁾. The ministers concerned met in Lisbon on 5 and 6 November. They reviewed the progress made over the year in implementing the Tampere programme agreed in November 2006 in the framework of the five-year work programme adopted in Barcelona in 2005. They also set the priorities for 2008 by common agreement.

The European Union–Egypt Association Council met in Brussels on 6 March. It adopted the action plan for the European neighbourhood policy between the European Union and Egypt, which sets out agreed reform and cooperation priorities in a wide range of sectors. The first subcommittees to discuss implementation of the action plan's priorities were held in June.

⁽³⁵⁾ COM(2007) 774.

⁽³⁶⁾ OJ C 301 E, 13.12.2007.

⁽³⁷⁾ COM(2007) 598 (OJ C 9, 15.1.2008).

On 26 September a troika meeting was held in New York between the European Union and the Palestinian Authority in the context of newly (since June) normalised relations between the two parties. At the meeting, the Commission confirmed the resumption of direct assistance to the Palestinian Authority, in particular in the areas of institutional support and reinforcing administrative capacity. The Commission also drew attention to the continuing emergency and humanitarian assistance to all the Palestinian Occupied Territories (the West Bank and the Gaza Strip). Total assistance from the European Union to the Palestinians in 2007 was in excess of EUR 800 million, of which EUR 427 million came from the European Union budget and the rest was provided under bilateral programmes with Member States.

The European Union–Israel Association Council met in Brussels on 5 March. The Union welcomed Israel’s commitment to the neighbourhood policy and the establishment of a subcommittee on political dialogue. Israel and the European Union stressed the major progress made in implementing the action plan over the last two years and agreed, at the proposal of the Israeli government, to create a joint discussion group to study the further development of European Union-Israeli relations.

The European Union–Jordan Association Council met in Brussels on 14 November. It reviewed bilateral relations and approved the results of the fruitful dialogues held in the various subcommittees, including the subcommittee on human rights, and in the Association Committee. The Union stressed the importance of accelerating implementation of Jordan’s national reform process to bring tangible advantages to Jordanian citizens.

The European Union–Morocco Association Council met in Brussels on 23 July. The Union congratulated Morocco on its commitment to establishing an increasingly close partnership with the Union and for its successful implementation of the association agreement and neighbourhood action plan. The two sides decided to set up a working party to study the partnership’s new objectives and the next stages in the development of bilateral relations.

On 18 June the Council adopted a decision concerning the Community position within the Association Council on the implementation of Articles 76 and 98 of the Euro-Mediterranean agreement establishing an association between the European Community and its Member States, of the one part, and the People’s Democratic Republic of Algeria, of the other part ⁽³⁸⁾. The decision establishes a working party on social matters and six subcommittees to assist the Council and the Association Committee with implementation of the Euro-Mediterranean agreement, which provides for the establishment of a free-trade area between the European Union and Algeria in 2017.

On 19 January the European Union–Lebanon Association Council adopted a recommendation on the implementation of the action plan ⁽³⁹⁾ under the European neighbourhood policy between the European Union and Lebanon. On 24 April the Association Council met in Luxembourg. On 24 May the Council adopted a decision on a Community position in the Association Council on the implementation of Article 75 of the Euro-Mediterranean agreement establishing an association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part ⁽⁴⁰⁾. On the same day it adopted a decision on implementation of Article 80 of the same agreement ⁽⁴¹⁾. This decision

⁽³⁸⁾ Decision 2007/835/EC (OJ L 330, 15.12.2007).

⁽³⁹⁾ OJ C 89, 24.4.2007.

⁽⁴⁰⁾ COM(2007) 64.

⁽⁴¹⁾ COM(2007) 84.

provides for the setting-up of 10 subcommittees to assist the Council and the Association Council with implementation of the agreement.

On 10 December the Council adopted a decision ⁽⁴²⁾ providing Community macro-financial assistance to Lebanon. The assistance will be exceptional and for a limited period, and will support Lebanon's fiscal consolidation effort aimed at reducing public debt to a sustainable level through implementation of its economic reform programme.

Eastern Europe

Implementation of the European neighbourhood policy action plans agreed with Moldova and Ukraine continued in 2007 and there was a general review of progress in April.

On 6 February a troika meeting was held in Kiev between the European Union and Ukraine. It launched negotiations on an improved cooperation agreement between the two parties. One of the pillars of the agreement is to be a full and ambitious free-trade area aimed at helping to maximise trade integration. Negotiations on this new enhanced agreement started on 5 March. In 2007 six rounds of negotiations took place, focusing on political aspects, justice and home affairs as well as sectoral cooperation, including in the areas of energy and transport. However, both parties agreed not to commence the negotiations on a free-trade area until Ukraine had completed the process of accession to the World Trade Organisation.

The European Union–Ukraine Cooperation Council, held on 18 June in Luxembourg, welcomed the progress made in the negotiations on a new enhanced agreement. It established a framework for the signing of agreements on visa facilitation, readmission ⁽⁴³⁾ and trade in steel ⁽⁴⁴⁾.

The summit between the European Union and Ukraine was held in Kiev on 14 September. The subjects discussed included Ukraine's continuing democratic consolidation, above all in terms of the country's Parliamentary elections in September and the great progress made in implementing the European Union–Ukraine action plan. The Union's leaders emphasised that Ukraine's success in stabilising its political system would be a major factor in determining its capacity to move forward with political and economic reforms. The leaders welcomed the progress report on the negotiations on the new enhanced agreement.

The European Union–Moldova Cooperation Council, held on 19 June in Luxembourg, reviewed implementation of the ENP action plan, including recent political and economic developments, as well as progress made towards peaceful settlement of the Transnistria conflict.

Progress was made in the transparent management of the Moldova–Ukraine State border. In common agreement, the Commission, Moldova and Ukraine extended the mandate for the European Union border assistance mission (EUBAM) to November 2009. In December a trilateral meeting was held with Moldova and Ukraine on border issues.

The Commission continued to support efforts to achieve a settlement in Transnistria through initiatives similar to those taken in 2006.

⁽⁴²⁾ Decision 2007/860/EC (OJ L 337, 21.12.2007).

⁽⁴³⁾ See 'Border management and immigration' in Chapter IV, Section 1, of this Report.

⁽⁴⁴⁾ See 'International trade' in Section 2 of this chapter.

The Commission moved further towards the possible award of additional autonomous trade preferences to Moldova, and submitted a proposal for a Council regulation on 14 November ⁽⁴⁵⁾.

On 16 April the Council decided to provide Community macro-financial assistance of up to EUR 45 million to Moldova to support its balance of payments and alleviate financial constraints on implementation of the government's economic programme ⁽⁴⁶⁾. Following a severe drought in Moldova, especially in the southern regions, the Commission granted EUR 3 million in humanitarian aid for the country's most vulnerable rural communities as a short-term measure.

Progress was made with promoting and implementing the Commission document of 21 November 2006 ⁽⁴⁷⁾ describing what the European Union could bring to Belarus should the latter commit itself to a process of democratisation, respect for human rights and the rule of law.

Caucasus

Implementation of the European neighbourhood policy and its action plans in the three southern Caucasian countries (Armenia, Azerbaijan and Georgia) continued throughout the year. On 16 October the Association Councils with these three countries met in Luxembourg to review the state of bilateral relations and progress with implementing the action plans.

On 10 July the Council adopted a joint action regarding a further contribution of the European Union to the conflict settlement process in Georgia/South Ossetia ⁽⁴⁸⁾.

European Neighbourhood and Partnership Instrument

On 1 January the MEDA and Tacis programmes were replaced by a single instrument: the European Neighbourhood and Partnership Instrument as part of the reform of Community assistance instruments. The ENPI covers non-member countries participating in the European neighbourhood policy and the countries of the southern Caucasus. This instrument also supports the Union's strategic partnership with Russia. It has been allocated EUR 11.2 billion for the period 2007–13.

Following the adoption by the Commission of the multiannual indicative programmes for all the countries except the Occupied Palestinian Territories, the annual action plans were adopted in 2007. A total of EUR 1.7 billion was allocated to projects and assistance programmes for the 17 countries on the European Union's eastern and southern borders.

Substantial additional budget funds (EUR 275 million) were made available in 2007 for the Occupied Palestinian Territories and support for the peace process. Most of the Community aid was channelled through the temporary international mechanism set up by the Member States and the Commission in 2006.

Bilateral programmes for the Mediterranean countries continued to support reforms, particularly through twinning programmes and budgetary and sectoral support programmes.

⁽⁴⁵⁾ COM(2007) 705.

⁽⁴⁶⁾ Decision 2007/259/EC (OJ L 111, 28.4.2007).

⁽⁴⁷⁾ IP/06/1593.

⁽⁴⁸⁾ Joint Action 2007/484/CFSP (OJ L 181, 11.7.2007).

The bilateral programmes for Russia, eastern Europe and the southern Caucasus focused, among other things, on reform of the energy sector (Azerbaijan and Ukraine) and the reduction of poverty (Moldova). Priority was also given to combating unemployment in Armenia and to rehabilitation projects in the Georgian/Abkhazian conflict zone.

Twinning activities developed rapidly in all the ENP countries and have just started in Azerbaijan and Moldova. A total of 65 events were organised under the Technical Assistance and Information Exchange Instrument programme at the request of the ENP countries, with an average of 20 requests per month.

The Neighbourhood Investment Fund was established to enable joint European operations to be organised by the beginning of 2008 and to group funds from major donors more effectively in order to finance the most important operations and support the partners in carrying out necessary reforms and investments.

Programmes were also launched at regional level to address challenges of common interest such as energy, the environment, transport and investment promotion. Support for cross-border cooperation and the 'Partnership for Peace' in the Middle East programme continued. Other initiatives concerned gender equality and inter-cultural dialogue.

<T3>5.1.3. Relations with Russia

On 19 March the Council adopted a joint action in support of chemical weapons destruction in the Russian Federation in the framework of the European Union strategy against the proliferation of weapons of mass destruction ⁽⁴⁹⁾. It provides for European Union assistance to Russia for the destruction of all its chemical weapon stocks according to the timetable provided for in the Convention on Chemical Weapons. The Union will help with completion of the necessary electricity supply infrastructure for the chemical weapon destruction facility at Shchuch'ye, and will contribute more than EUR 3 million to the current multi-donor project coordinated by the United Kingdom.

On 10 May the European Parliament adopted a resolution concerning the forthcoming European Union–Russia summit, affirming the need to establish strategic cooperation with Russia, which is an important partner with which the Union shares not only economic and trade interests but also the objective of close cooperation on the international stage and in the context of neighbourhood.

On 17 and 18 May the 19th European Union–Russia summit was held in Samara, Russia. Despite substantial differences of opinion, particularly on the subject of human rights, the Union stressed that it was firmly committed to a strategic partnership with Russia. Both parties expressed their interest in negotiating a successor to the partnership agreement and were firmly resolved to cooperate more closely in future on energy, climate protection, research and efforts to resolve international conflicts.

On 26 October the 20th European Union–Russia summit was held at Mafra in Portugal to discuss enhanced cooperation in the context of the four common spaces, developments in the European Union and in Russia and international and regional issues, particularly Kosovo. Other subjects discussed at the summit were investment dialogue between the European Union and Russia, joint initiatives to deal with the problem of queues at many border

⁽⁴⁹⁾ Joint Action 2007/178/CFSP (OJ L 81, 22.3.2007).

crossings and the accession of Russia to the World Trade Organisation. On the subject of energy, the summit discussed the development of an early warning mechanism for potential supply difficulties and the regular report on energy dialogue between the Union and Russia. The European Union also stressed the importance of trade with Russia and the potential of its relations with Russia.

In 2007 European Union–Russia Permanent Partnership Councils were held on justice, home affairs, external relations and culture.

General references and other useful links

<LIENS5.1></LIENS5.1>

</DOC>

<T6>Section 2

<T2>5.2. The European Union in the global economy

<T3>5.2.1. International trade

General

In a resolution of 22 May on global Europe and the external aspects of competitiveness, the European Parliament expressed the view that the EU should continue to strive to complete the single market, promote increased global liberalisation and free and fair trade and resist protectionism. It considered that the lifting or reduction of high tariffs and of non-tariff barriers to EU exports should, with due regard to development considerations, be one of the main priorities of EU trade policy.

On 31 May the European Economic and Social Committee issued an exploratory opinion ‘The challenges and opportunities for the European Union in the context of globalisation’⁽⁵⁰⁾, in which it presents a strategy under four headings:

- meeting the challenges posed by globalisation by adopting an approach which is also global;
- helping to draw up more effective global rules to promote the achievement of ‘globalisation with a human face’;
- developing a common strategy for the Union in respect of international trade;
- stepping up integration so that globalisation provides an opportunity for the people of Europe.

On 26 September it adopted an own-initiative opinion on ‘Global trade integration and outsourcing: how to cope with the new challenges’⁽⁵¹⁾, in which it examined the extent to which the worldwide phenomenon of outsourcing of goods and services was being driven by developments in Asian countries and by the integration of the new EU Member States. It also

⁽⁵⁰⁾ OJ C 175, 27.7.2007.

⁽⁵¹⁾ OJ C 10, 15.1.2008.

looked at whether and to what extent the European Union was vulnerable following the emergence of new global trading powers and the changes to comparative advantage that went with it.

In its communication of 20 November ⁽⁵²⁾ on a single market for 21st century Europe ⁽⁵³⁾, the Commission stressed that the single market is a powerful lever for bringing the benefits of globalisation to Europeans. The communication presents a three-pronged strategy:

- expanding the competitive space for European firms beyond the physical boundaries of the single market;
- expanding the regulatory space of the single market by promoting cooperation on Europe's norms and values abroad;
- ensuring that the benefits of openness reach European citizens.

On 30 October the Commission adopted a proposal for a regulation on a revised system of Community statistics relating to external trade with non-member countries (Extrastat) ⁽⁵⁴⁾. One of the objectives of this initiative is to respond to new user needs by compiling additional trade statistics according to business characteristics, the invoicing currency for imports and exports, the nature of the transaction and the tariff quota.

Multilateral negotiations: Doha Round

The negotiations to conclude the Doha Round continued throughout 2007, following the adoption of a more flexible approach to the work, which had slowed down because of the modest results of the World Trade Organisation (WTO) summit in Hong Kong in December 2005. The desire to see the negotiations on the Doha Round reach an early conclusion was expressed by the Economic and Social Committee during its meeting of 15 and 16 February ⁽⁵⁵⁾, and also by the Council, which considered in its conclusions of 22 May that the completion of the Doha Round would play a major role in the competitiveness of European industry. In the Presidency conclusions of 8 and 9 March, the European Council also stressed the need for an ambitious, balanced and comprehensive agreement on the Doha Development Agenda and called on its key partners to act in a spirit of constructive commitment in order to bring the negotiations to a successful close.

Settlement of disputes

In 2007 the Union was involved in 31 WTO trade disputes (15 as complainant and 16 as defendant), most of them with the United States (the European Union being the complainant in eight cases and the defendant in three). The most visible continued to be the 'Airbus/Boeing' cases brought on the grounds of alleged subsidies to these manufacturers. The dispute continued throughout the year, with the final decision expected in mid-2008. A WTO panel confirmed the Union's position challenging Brazil's restrictions on imported retreaded tyres. India repealed the additional taxes on wines and spirits. Ecuador and the USA asked for a WTO panel to be set up for the EU banana import arrangements. As regards the dispute on EU anti-dumping measures on Norwegian salmon, a WTO panel ruled in favour of

⁽⁵²⁾ COM(2007) 724.

⁽⁵³⁾ See 'Review and progress of the internal market' in Chapter II, Section 2, of this Report.

⁽⁵⁴⁾ COM(2007) 653.

⁽⁵⁵⁾ OJ C 97, 28.4.2007.

Norway with regard to a number of claims, but rejected Norway's request that the measures be withdrawn.

Commercial policy instruments

On 1 August the Commission presented its 2006 report on third-country trade defence actions against the Community ⁽⁵⁶⁾. It counted 143 actions against the Community at the end of 2006, taken mainly by China, the United States and India.

The 2006 report on the Community's anti-dumping, anti-subsidy and safeguard activities ⁽⁵⁷⁾ also appeared in August. It shows that 2006 was characterised by an increase in the number of cases initiated and in the number of investigations terminated without the imposition of measures.

Exports of dual-use items

On 18 September the Council amended and updated Regulation (EC) No 1334/2000 setting up a Community regime for the control of exports of dual-use items and technology ⁽⁵⁸⁾.

Access to external markets

On 18 April the Commission adopted a communication entitled 'Global Europe: a stronger partnership to deliver market access for European exporters' ⁽⁵⁹⁾. This initiative is an essential component of the global Europe strategy and makes a significant contribution to the Lisbon strategy for growth and jobs. It advocates a new partnership between the Commission, the Member States and business, and highlights the coordination of measures in Europe and on the ground in non-member countries, where local expertise makes it possible to identify and deal more easily with barriers to trade. The importance of this communication was emphasised in the Council's conclusions at its meeting of 17 and 18 June.

On 13 December the Commission proposed an amendment ⁽⁶⁰⁾ to the regulation on obstacles to trade ⁽⁶¹⁾ which will improve market access for European exporters and promote growth and jobs in the Community.

Access to EU markets

In the context of the importance the European Union attaches to the development dimension in its trade policy, the Commission is continuing to develop and promote the export helpdesk for developing countries, a tool which seeks to facilitate developing countries' access to EU markets.

On 21 June the Council regulation temporarily withdrawing access to the generalised tariff preferences from the Republic of Belarus entered into force ⁽⁶²⁾. This measure is in response to the failure of Belarus to take action regarding its non-compliance with its obligations to the International Labour Organisation. The effect will be to re-establish the standard tariffs

⁽⁵⁶⁾ COM(2007) 461 (OJ C 246, 20.10.2007).

⁽⁵⁷⁾ COM(2007) 479.

⁽⁵⁸⁾ Regulation (EC) No 1183/2007 (OJ L 278, 22.10.2007).

⁽⁵⁹⁾ COM(2007) 183 (OJ C 181, 3.8.2007).

⁽⁶⁰⁾ COM(2007) 796.

⁽⁶¹⁾ Regulation (EC) No 3286/94 (OJ L 349, 31.12.1994)

⁽⁶²⁾ Regulation (EC) No 1933/2006 (OJ L 405, 30.12.2006).

applied to goods imported into the Union, which amounts to a difference of 3 % compared with the generalised system of preferences.

On 14 November the Commission adopted a proposal for a regulation introducing autonomous trade preferences for Moldova ⁽⁶³⁾. The proposal exempts almost all Moldovan exports to the European Union from all duties and quantitative restrictions.

Textiles

January saw the adoption of an amendment to the Council regulation on common rules for imports of certain textile products from third countries ⁽⁶⁴⁾, and of several decisions relating to the conclusion of agreements or protocols to agreements with Azerbaijan ⁽⁶⁵⁾, Kazakhstan ⁽⁶⁶⁾ and Ukraine ⁽⁶⁷⁾.

On 18 September the Council adopted negotiating directives on a draft agreement with Belarus on the renewal of the agreement on trade in textile products. On 10 December the Council adopted a decision approving the terms of a one-year extension to the agreement ⁽⁶⁸⁾.

On 18 October the Commission amended ⁽⁶⁹⁾ the annex to the regulation on common rules for imports of certain textile products from third countries ⁽⁷⁰⁾ to introduce a surveillance system for imports originating in China in 2008.

Steel products

On 30 May the Council adopted a decision on the conclusion of an agreement on trade in certain steel products with Ukraine ⁽⁷¹⁾ and a regulation on administering certain restrictions on imports of these products from Ukraine ⁽⁷²⁾ laid down in that agreement. The new agreement signed in Luxembourg on 18 June will apply from the date of its signing until 31 December, or until Ukraine's accession to the WTO, whichever is earlier. On 12 December the Commission adopted the regulation establishing the level of quantitative restrictions for 2008 ⁽⁷³⁾.

On 22 October the Council adopted a decision concerning the conclusion of an agreement on trade in certain steel products ⁽⁷⁴⁾ and a regulation on administering the restrictions on imports of these products from Russia ⁽⁷⁵⁾ laid down in that agreement. The new agreement signed in Mafra (Portugal) on 26 October during the European Union–Russia summit will apply from the date of its signature until 31 December 2008, or until Russia's accession to the WTO, whichever is earlier. The agreement is automatically renewable each year.

On 10 December the Council adopted a decision of the EC–former Yugoslav Republic of Macedonia Stabilisation and Association Council to abolish the double-checking system,

⁽⁶³⁾ COM(2007) 705.
⁽⁶⁴⁾ Regulation (EC) No 54/2007 (OJ L 18, 25.1.2007).
⁽⁶⁵⁾ Decision 2007/35/EC (OJ L 17, 24.1.2007).
⁽⁶⁶⁾ Decision 2007/36/EC (OJ L 17, 24.1.2007).
⁽⁶⁷⁾ Decision 2007/37/EC (OJ L 17, 24.1.2007).
⁽⁶⁸⁾ Decision 2007/861/EC (OJ L 337, 21.12.2007).
⁽⁶⁹⁾ Regulation (EC) No 1217/2007 (OJ L 275, 19.10.2007).
⁽⁷⁰⁾ Regulation (EEC) No 3030/93 (OJ L 275, 8.11.1993).
⁽⁷¹⁾ Decision 2007/451/EC (OJ L 178, 6.7.2007).
⁽⁷²⁾ Regulation (EC) No 752/2007 (OJ L 178, 6.7.2007).
⁽⁷³⁾ Regulation (EC) No 1465/2007 (OJ L 327, 13.12.2007).
⁽⁷⁴⁾ Decision 2007/739/EC (OJ L 300, 17.11.2007).
⁽⁷⁵⁾ Regulation (EC) No 1342/2007 (OJ L 300, 17.11.2007).

without quantitative limits, for the import into the Community of steel products originating in the former Yugoslav Republic of Macedonia ⁽⁷⁶⁾. It is accompanied by a proposal to repeal Regulation (EC) No 152/2002, which contains rules for implementing this system in the Community ⁽⁷⁷⁾. It is proposed that the decision and the regulation enter into force on 1 January 2008.

On the same day the Council adopted a regulation containing autonomous measures setting quantitative limits on imports of steel from the Republic of Kazakhstan ⁽⁷⁸⁾ to cover the interim period between 1 January 2008 and the entry into force of a new agreement in the field of steel.

Intellectual property

On 19 November the Council adopted a decision ⁽⁷⁹⁾ on the acceptance, on behalf of the European Community, of the protocol amending the agreement on trade-related aspects of intellectual property rights ('TRIPS agreement'). This amendment to the agreement will give developing countries with no manufacturing capacities in the pharmaceutical sector easier access to essential medicines.

5.2.2. Customs union

On 12 February the Council adopted a regulation providing for duty-free treatment for specified pharmaceutical active ingredients bearing an 'international non-proprietary name' (INN) from the World Health Organisation and specified products used for the manufacture of finished pharmaceuticals ⁽⁸⁰⁾.

On 16 April the European Parliament and the Council adopted an action programme for customs in the Community ('Customs 2013') ⁽⁸¹⁾. With a budget of EUR 323.8 million, this programme should be implemented as of January 2008. It aims in particular to support customs authorities with a view to facilitating trade and speeding up procedures, helping to implement the updated customs code and stepping up the exchange of information with the customs administrations of third countries.

On 25 June the Council adopted a decision on the accession of the European Community to the World Customs Organisation (WCO) and the exercise *ad interim* of rights and obligations akin to membership. The European Community has requested membership of the WCO in order to exercise its powers regarding customs policy in international relations. It was agreed that the Community would initially gain provisional membership status in the WCO until the amendment of the Convention establishing the World Customs Organisation had been ratified by all its members ⁽⁸²⁾.

On 17 October the Commission adopted a proposal for a regulation amending Regulation (EEC) No 918/83 setting up a Community system of relief from customs duty ⁽⁸³⁾. This

⁽⁷⁶⁾ COM(2007) 437 (OJ C 4, 9.1.2008).

⁽⁷⁷⁾ COM(2007) 436 (OJ C 4, 9.1.2008).

⁽⁷⁸⁾ Regulation (EC) No 1531/2007 (OJ L 337, 21.12.2007).

⁽⁷⁹⁾ Decision 2007/768/EC (OJ L 311, 29.11.2007).

⁽⁸⁰⁾ Regulation (EC) No 129/2007 (OJ L 56, 23.2.2007).

⁽⁸¹⁾ Decision No 624/2007/EC (OJ L 154, 14.6.2007).

⁽⁸²⁾ COM(2007) 252 (OJ C 181, 3.8.2007).

⁽⁸³⁾ COM(2007) 614 (OJ C 4, 9.1.2008).

amendment is proposed with a view to the adoption of the directive on the exemption of imported goods from valued added tax and excise duty.

On 17 December the Council amended Regulation (EC) No 2505/96 opening and providing for the administration of autonomous Community tariff quotas for certain agricultural and industrial products⁽⁸⁴⁾ and Regulation (EC) No 1255/96 temporarily suspending the autonomous common customs tariff duties on certain industrial, agricultural and fishery products⁽⁸⁵⁾.

In 2007 work continued within the various institutions on laying down the modernised Community Customs Code⁽⁸⁶⁾ and establishing e-customs, which aims to replace all customs procedures with interconnected national computerised procedures⁽⁸⁷⁾.

In the field of international relations, on 11 April the Commission proposed the conclusion of an agreement on customs cooperation and mutual administrative assistance in customs matters between the European Community and the government of Japan⁽⁸⁸⁾.

<T3>5.2.3. Transatlantic relations

The summit between the European Union and the United States was held at the White House on 30 April, attended by US President George W. Bush, José Manuel Barroso, President of the Commission, Jacques Barrot and Günter Verheugen, Vice-Presidents of the Commission, Benita Ferrero-Waldner and Peter Mandelson, Members of the Commission, Angela Merkel, German Chancellor and President of the Council, and Javier Solana, Secretary-General of the Council and High Representative for the CFSP. In the course of this summit:

- a new framework was adopted for advancing transatlantic economic integration. This aims to foster cooperation and reduce the transatlantic regulatory burden. It is based on lighthouse projects annexed to the final declaration dealing with intellectual property rights, trade, financial markets, innovation and technology, and investment. A Transatlantic Economic Council will be given the task of overseeing and fine-tuning these objectives. It will be co-chaired by a Member of the Commission and a high-ranking representative of the US authorities, and will meet at least once a year;
- the two parties adopted a declaration on political and security issues, containing commitments to concrete actions to strengthen liberty, prosperity, security, peace and human rights and address regional challenges, in particular regarding Kosovo, Afghanistan, the Middle East, Iraq, Sudan and Latin America. They also agreed to make efforts to combat terrorism and to work towards visa-free travel for all EU and US citizens;
- in a joint statement the two parties also pledged to rise to the threefold challenge posed by energy security, climate change and sustainable development. They emphasised their common interest in securing safe, affordable and clean supplies of energy and in reducing pollution and greenhouse gas emissions, whilst supporting economic growth.

⁽⁸⁴⁾ Regulation (EC) No 1526/2007 (OJ L 349, 31.12.2007).

⁽⁸⁵⁾ Regulation (EC) No 1527/2007 (OJ L 349, 31.12.2007).

⁽⁸⁶⁾ COM(2005) 608 (OJ C 49, 28.2.2006).

⁽⁸⁷⁾ COM(2005) 609 (OJ C 49, 28.2.2006).

⁽⁸⁸⁾ COM(2007) 177 (OJ C 181, 3.8.2007).

On the sidelines of the summit, the partners signed the ‘open skies’ agreement, which is the first step towards an agreement on air transport ⁽⁸⁹⁾.

The run-up to the summit saw the adoption on 25 April of a resolution on transatlantic relations in which the European Parliament supported the initiative by the German Presidency to launch a new transatlantic economic partnership, with a roadmap for achieving a barrier-free transatlantic market.

The first meeting of the Transatlantic Economic Council was held in Washington on 9 November. The discussions focused on developments in transatlantic economic integration and on the proposal for common measures to reduce barriers to transatlantic trade. In particular, the two parties opened a dialogue on facilitating transatlantic investment and drew up a roadmap for achieving the mutual recognition of US and EU trade partnership programmes by 2009. They also discussed the compatibility of biofuels standards, product safety conformity assessment and the provision of information to consumers on pharmaceutical products.

A conference was held between the European Union and the United States in Geneva on 1 February on the fight against piracy and counterfeiting. The meeting was an opportunity to take stock of the situation and to prepare the ground for the future development of cooperation in this field.

An agreement on the security of classified information ⁽⁹⁰⁾ was signed in Washington and entered into force on 30 April, allowing information of this kind to be exchanged between the European Union and the United States.

Confidentiality arrangements to improve health protection and facilitate trade between the Union and the United States were signed in Brussels on 2 July. Both partners will now be able to exchange confidential information about the safety of cosmetics and medical devices.

An agreement between the European Union and the United States on the processing and transfer to the United States Department of Homeland Security of passenger name record (PNR) data by air carriers was signed on 23 July ⁽⁹¹⁾.

<T3>5.2.4. Relations with other industrialised and high-income countries

G8 summit

The G8 Heads of State or Government met in Heiligendamm (Germany) from 6 to 8 June. The summit was chaired by Angela Merkel, the German Chancellor and President of the Council. The discussions centred on climate change, development aid, particularly to Africa, ways of improving the investment environment and responsibility, and international trade (the Doha Round), including the social dimension of globalisation.

At its June meeting the European Council welcomed the launching by the G8 summit of the Heiligendamm process, which establishes a new form of dialogue, in particular with Brazil, China, India, Mexico and South Africa. The European Council recognised the ever-growing

⁽⁸⁹⁾ Decision 2007/339/EC (OJ L 134, 25.5.2007).

⁽⁹⁰⁾ Decision 2007/274/JHA (OJ L 115, 3.5.2007).

⁽⁹¹⁾ Decision 2007/551/CFSP/JHA (OJ L 204, 4.8.2007).

importance of these and other emerging economies. It considered that the Heiligendamm process should intensify political dialogue and foster cooperation with these countries.

Japan

The European Union–Japan summit was held in Berlin on 5 June. The partners reaffirmed their desire to further strengthen the long-standing partnership between the Union and Japan and their commitment to contributing to the resolution of global challenges, including global climate change and the question of energy security. An EU–Japan action plan on the protection and enforcement of intellectual property rights was also adopted, and on the sidelines of the summit a customs cooperation agreement was initialled.

Canada

The European Union–Canada summit was held in Berlin on 4 June. In the final declaration, the partners recognised that their bilateral relations were strong and agreed to make progress in achieving the three key objectives of peace and security, an economic partnership, and energy and climate security. A roadmap for regulatory cooperation between the Community and Canada for 2007–08 was also adopted.

New Zealand

The ministerial troika between the European Union and New Zealand took place in Lisbon on 21 September. During the meeting, the Union and New Zealand adopted a new joint declaration on relations and cooperation which will serve as the basis of their relations during the next five years. The declaration aims at strengthening cooperation, especially concerning bilateral trade and investment, regional security, energy security, climate change and the fight against terrorism

European Economic Area (EEA)

The 27th meeting of the EEA Council was held in Brussels on 15 May. The discussions centred on the situation in the Middle East, Afghanistan and Kosovo. The Council particularly welcomed the conclusion of the negotiations to expand the EEA Agreement to include Bulgaria and Romania as contracting parties, and of the preparations for participation by the EEA/EFTA in EU programmes with EEA relevance for the period 2007–13.

On 23 July the Council adopted a decision on the signing and the provisional application of an agreement on the participation of the Republic of Bulgaria and Romania in the EEA after their accession to the EU and four related agreements ⁽⁹²⁾. The EEA now comprises 30 member countries and forms an internal market of almost 500 million consumers. Since the negotiations on EEA enlargement had not, as planned, been concluded by 29 March, it was necessary to ensure that this EEA enlargement agreement came into force as quickly as possible, hence the proposal for its provisional application.

On 20 November the 28th meeting of the EEA Council was held in Brussels. The discussions centred on the situation in Kosovo, the Middle East and Darfur (Sudan). The participants welcomed the signing of the EEA enlargement agreement in July and its provisional application, thus adding Bulgaria and Romania to the contracting parties to the EEA

⁽⁹²⁾ Decision 2007/566/EC (OJ L 221, 25.8.2007).

Agreement, and asked the member countries to conclude the ratification procedures as quickly as possible.

<T3>5.2.5. Relations with emerging countries

The European Union–China summit was held in Beijing on 28 November. The European and Chinese leaders touched on a number of bilateral issues relating to the development of their economic and trade relations, with particular attention to the following issues: the exchange rate, the trade deficit and negotiations on the partnership and cooperation agreement, and progress in the fields of science and technology, the environment, education and the information society. Regional and international issues such as climate change, energy, development in Africa, and developments in Myanmar (Burma), the Korean peninsula, Iran and the Middle East were also discussed.

The European Union–India summit was held in New Delhi on 30 November. The partners took stock of the implementation of the action plan adopted in September 2005, which is up for review in 2008. The leaders signed a memorandum of understanding on financial cooperation between the Union and India for the period 2007–10. They also renewed the 2001 cooperation agreement on science and technology and announced the establishment of a European business and technology centre in India. The two partners noted the progress made in their bilateral trade negotiations, which were given official status in Helsinki in 2006 and launched last June. On a political level, the emphasis once again was placed on multilateralism, energy, climate change, disarmament and non-proliferation, and the fight against terrorism.

The first summit between the European Union and Brazil was held in Lisbon on 4 July, with a view to establishing a strategic partnership aimed at deepening relations⁽⁹³⁾. The European Union now has a strategic partnership with all the emerging countries in the BRIC group (Brazil, Russia, India and China).

Relations with the countries of Latin America are dealt with under ‘Regional approaches’ in Section 3 of this chapter.

<T3>5.2.6. Relations with international organisations

Organisation for Economic Cooperation and Development

The Commission played an active part in the work of the Organisation for Economic Cooperation and Development (OECD) on the economic and social aspects of globalisation, including the OECD Ministerial Council Meeting in May on innovation: advancing the OECD agenda for growth and equity, the World Forum on measuring and fostering the progress of societies and the new Heiligendamm process to implement the conclusions of the G8 summit in June on growth and responsibility in the world economy. The OECD also conducted an initial general assessment of Community policies, the final report being published on 20 September. The Commission continues to back an institutional reform of the OECD and the greater involvement of rising economies in its work. In particular, it continues to support OECD membership for EU Member States that are not yet members, such as Bulgaria, Estonia, Cyprus, Latvia, Lithuania, Malta, Romania and Slovenia.

⁽⁹³⁾ See ‘Regional approaches’ in Section 3 of this chapter.

World Bank and International Monetary Fund

On 5 and 6 February the European institutions played host for the fourth time to the World Bank's European executive directors group in order to discuss the Union's votes at the World Bank, budgetary support, the replenishment of the resources of the International Development Association (IDA 15), the European Investment Bank and new donors. All the key players from the European Community, non-governmental organisations and the European Parliament took part in the discussions. In 2007 the European executive directors submitted over 30 joint statements to the Board of Governors of the World Bank.

On 14 and 15 April, during the spring meetings of the World Bank and the International Monetary Fund (IMF), the European Union took part in a joint meeting with the European executive directors, the World Bank and the IMF to discuss the interaction between the reform processes at the IMF and the World Bank and progress in the coordination of the Union's positions within these institutions.

The annual meetings of the World Bank and the IMF and the meeting of the Development Committee were held in Washington from 20 to 22 October. The Commission took part in the discussions on reforming governance and finances at the IMF and reforming the strategic direction of the World Bank.

Other aspects of relations with the World Bank are also dealt with under 'World Bank and regional development banks' in Section 5 of this chapter.

European Bank for Reconstruction and Development

In 2007 the European Bank for Reconstruction and Development (EBRD) granted a total of EUR 5.6 billion for the financing of projects located mainly in countries in the south and east of the European Union.

Two of the projects were finalised under the tripartite agreement concluded in December 2006 between the Commission, the EBRD and the European Investment Bank, whilst three are in an advanced state of preparation.

Cooperation was consolidated under the Jaspers programme (joint assistance to support projects in European regions), which aims to assist Member States in central and eastern Europe to develop high-quality projects which will receive support from the European Union's Structural and Cohesion Funds. Three regional offices were opened (in Bucharest, Warsaw and Vienna).

On 13 July the Commission and the EBRD signed a memorandum of understanding to step up energy cooperation and extend it beyond the simple decommissioning of nuclear installations. The parties expressed their desire to expand cooperation by supporting projects relating to both security of supply and energy efficiency. Discussions have also started between the Commission and the EBRD on a revision of the Bank's environment policy.

General references and other useful links

<LIENS5.2></LIENS5.2>

</DOC>

<T6>Section 3

<T2>5.3. Contributing to international solidarity

<T3>5.3.1. Protecting and promoting common values beyond the borders of the European Union

The European Union acts both at multilateral and bilateral level through the financial instruments at its disposal to promote and protect human rights and to foster democratic developments and respect for the rule of law worldwide.

Considerable efforts were made in 2007 to make the newly created United Nations Human Rights Council (HRC) operational, which allowed some urgent cases of human rights violations, such as those occurring in Darfur (Sudan) and Myanmar (Burma), to be addressed. However, in its annual review of human rights in the world in 2006, adopted on 26 April, the European Parliament criticised the HRC for its inability to come to reasonable compromises on urgent situations of human rights violations. Among other major human rights problems in the world, Parliament noted the Chinese approach on human rights, the Guantanamo camps and the arms trade, particularly the trade in small arms on which, according to Parliament, there ought to be an international agreement.

The European Union also contributed to the work of the UN General Assembly in the field of human rights, particularly on the setting of new standards, such as the UN Convention against Enforced Disappearances and the UN Convention on the Rights of People with Disabilities. The latter is a human rights instrument that specifically includes a social dimension and is the first major human rights convention to which the European Community as such has become a signatory.

Human rights issues were consistently integrated in policy dialogues established under association and cooperation agreements with non-member countries, such as the Cotonou Agreement between the European Union and the African, Caribbean and Pacific (ACP) States, and the European neighbourhood policy. The Union also pursued its dedicated human rights dialogue with China and its human rights consultations with Russia, Canada, the United States, Japan, New Zealand and the candidate countries for accession to the European Union. A significant new step was the setting-up of a human rights dialogue with Uzbekistan. Moreover, in the framework of the European Union's central Asia strategy, similar dialogues are to be established with all countries of that region.

This cooperation-based approach notwithstanding, the European Union did not hesitate to undertake specific demarches whenever serious human rights violations occurred throughout the world, such as in China, Iran, Sri Lanka, Sudan and Yemen. It continued to actively promote the fight against torture and the abuse of children during armed conflicts, and enhanced its support to human rights defenders worldwide. It also continued to advocate the abolition of the death penalty, demonstrating its firm political commitment by its decision to introduce a resolution against the death penalty at the 62nd UN General Assembly as part of a cross-regional alliance.

Within the framework of the comprehensive reform of the Union's external assistance programmes, the new European Instrument for Democracy and Human Rights established in

2006⁽⁹⁴⁾ entered into force on 1 January. In terms of financial scope, it provides for EUR 1.104 billion in support funds for human rights, democratisation and rule-of-law-related assistance activities in non-member countries over the period 2007–13. Assistance under the instrument is primarily geared towards partnership with civil society actors as well as international organisations engaged in protecting and promoting human rights, democracy, justice and the rule of law. The new instrument also constitutes the financing basis for the European Union’s wide-ranging election observation activities, which have now become a vital tool for strengthening democratic processes in non-member countries.

The European Union Agency for Fundamental Rights was set up on 15 February⁽⁹⁵⁾ with the task of protecting fundamental rights within the Union. Its basic regulation nevertheless provides for close cooperation with the Council of Europe and with the Organisation for Security and Cooperation in Europe, the United Nations and other international organisations active in the protection of fundamental rights. The Agency is also open to European Union candidate countries and to countries with which stabilisation and association agreements have been concluded (western Balkans).

On 15 October the Council adopted the ninth European Union annual report on human rights.

Amongst the wide range of development instruments and programmes available to the Commission, several particularly reflect the Union’s values on the international stage. On behalf of its citizens, the European Union carries out more than 2 000 operations per year in a spirit of solidarity with people across the world. These theme-based activities are concrete examples of the fight against poverty and hunger, against torture, against AIDS, against human trafficking as well as for a stronger civil society, for the rehabilitation of the victims of drugs, for the environment or for a more democratic and just society. Projects are often undertaken in difficult conditions in partnership with non-governmental organisations that run the operation with the support of a financial contribution from the Commission. Such contributions total approximately EUR 870 million annually.

<T3>5.3.2. Development policy

General approach

On 28 February the Commission adopted a communication on an ‘EU code of conduct on division of labour in development policy’⁽⁹⁶⁾. The Commission considers that an agreement on the division of labour will increase aid effectiveness, strengthen the role of development cooperation in the Union’s external relations and contribute to the construction of a European identity based on the values contained in the European Consensus on Development. The code of conduct was the subject of Council conclusions on 15 May.

Since the Monterrey Conference on Development Financing in 2002, the European Union has entered into a series of commitments concerning the volume, sources and effectiveness of development aid. The Council has instructed the Commission to ensure that these commitments are implemented. On 4 April three communications were adopted to this end.

⁽⁹⁴⁾ Regulation (EC) No 1889/2006 (OJ L 386, 29.12.2006).

⁽⁹⁵⁾ Regulation (EC) No 168/2007 (OJ L 53, 22.2.2007). See ‘Protecting fundamental rights and combating discrimination’ in Chapter III, Section 3, of this Report.

⁽⁹⁶⁾ COM(2007) 72 (OJ C 181, 3.8.2007).

- The first, ‘From Monterrey to the European Consensus for Development: honouring our commitments’ ⁽⁹⁷⁾, is aimed at framing the entire process with a political summary of the messages to be used for external communication. The studies carried out show that the European Union, though heading in the right direction, will require unflinching political will and greater mobilisation of public support if it is to honour its commitments in full. It is therefore crucial that the technical studies made and the resulting recommendations be widely disseminated.
- The second, ‘Towards an EU aid for trade strategy — The Commission’s contribution’ ⁽⁹⁸⁾, marks a new stage in the European Union’s commitment to global efforts in the matter of aid for trade and coordinating its development aid better. The communication gives particular attention to the African, Caribbean and Pacific countries in connection with the economic partnership agreements. The European Parliament and the Council gave their view on this communication on 15 May and 23 May respectively.
- The third, ‘Keeping Europe’s promises on financing for development’ ⁽⁹⁹⁾, is the fifth annual report on the progress made since the Monterrey Conference and also a response to the commitments given by the Council in May 2005 at the time of the review of the millennium development goals. This communication is accompanied by a working paper containing a more detailed analysis. The report is based on the Member States’ responses to the latest annual survey, which was carried out in January. The Council took note of this communication in its conclusions of 15 May.

On 7 June the Committee of the Regions ⁽¹⁰⁰⁾ commented on the Commission’s 2006 communication on governance in the European Consensus on Development ⁽¹⁰¹⁾. In particular, the Committee found that good governance required all tiers of authority in a country to govern according to the principles of transparency, public participation and respect for subsidiarity.

In a resolution adopted on 20 June, the European Parliament noted the size of the commitments entered into in the context of the millennium development goals, while expressing concern regarding donors’ fulfilment of their commitments on Africa. On 12 July Parliament commented on the need for democratic scrutiny of the implementation of the financing instrument for development cooperation established in December 2006 ⁽¹⁰²⁾.

On 21 June the Commission adopted the annual report for 2007 on the European Community’s development policy and the implementation of external assistance in 2006 ⁽¹⁰³⁾.

On 20 September the Commission adopted the first ‘EU report on policy coherence for development’ (PCD) ⁽¹⁰⁴⁾. PCD commitments were taken on in 12 policy areas: trade, environment, climate change, security, agriculture, fisheries, the social dimension of globalisation, employment and decent work, migration, research, information society, transport and energy. It indicates that the drive for coherence should help achieve the

⁽⁹⁷⁾ COM(2007) 158 (OJ C 181, 3.8.2007).

⁽⁹⁸⁾ COM(2007) 163 (OJ C 181, 3.8.2007).

⁽⁹⁹⁾ COM(2007) 164 (OJ C 181, 3.8.2007).

⁽¹⁰⁰⁾ OJ C 197, 24.8.2007.

⁽¹⁰¹⁾ COM(2006) 421.

⁽¹⁰²⁾ Regulation (EC) No 1905/2006 (OJ L 378, 27.12.2006).

⁽¹⁰³⁾ COM(2007) 349 (OJ C 191, 17.8.2007).

⁽¹⁰⁴⁾ COM(2007) 545 (OJ C 4, 9.1.2008).

millennium development goals faster. It was the subject of Council conclusions on 20 November which will help bring the Union's PCD agenda forward in 2008 and 2009.

On 25 October the Commission adopted a communication 'Towards an EU response to situations of fragility — Engaging in difficult environments for sustainable development, stability and peace' ⁽¹⁰⁵⁾. The communication was forwarded to the other Union institutions with a view to launching a discussion aimed at consolidating a comprehensive European Union strategy for addressing fragility. Parliament commented on this communication on 15 November, while the Council discussed it at its meeting on 19 and 20 November.

Employment, social cohesion and human and social development

The Commission strengthened its role on the global forums and contributed significantly to advancing the education and health agendas in development cooperation. The Commission was the co-chair of the Education for All — Fast Track Initiative for a year (July 2006 to June 2007), which placed it at the centre of international discussions on improving harmonisation between donors and aid effectiveness in the field of education. Together with the United Kingdom government and the World Bank, the Commission also organised a high-level event on education focusing on more, better, faster and long-term predictable financing for education in developing countries.

The Commission further strengthened its role in the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria by holding the position of vice-chair of the Board for one year (April 2006 to April 2007). On 23 April, in this connection, the Council adopted conclusions on recently emerging issues regarding HIV/AIDS based on a paper presented by the German Presidency focusing on newly emerging issues and barriers that hinder progress in tackling HIV and AIDS and on the effective implementation of the European programme of action to confront HIV/AIDS, tuberculosis and malaria adopted in 2005.

The role of women in development policy remained at the centre of the Union's concerns in 2007. On 8 March the Commission adopted a communication 'Gender equality and women empowerment in development cooperation' ⁽¹⁰⁶⁾. Drawn up following extensive consultation with Member States, international organisations and representatives of civil society, the communication constitutes a response to the commitments contained in the European Consensus. It is also the 'external relations' component of the roadmap for gender equality. The communication draws up for the first time a European strategy for the promotion of gender equality and women's empowerment that reinforces the twin-track approach of gender mainstreaming and gender-specific actions. This initiative was supported by the Council in its conclusions of 14 May.

On the same day the Council approved the programme of action put forward by the Commission in December 2006 ⁽¹⁰⁷⁾ for tackling the critical shortage of health workers in developing countries.

At its meeting of 17 and 18 June, the Council adopted conclusions on promoting employment through European Union development cooperation. These conclusions followed the approval of the Commission working document on the same subject and underline the increased attention to employment in European Union development cooperation.

⁽¹⁰⁵⁾ COM(2007) 643.

⁽¹⁰⁶⁾ COM(2007) 100 (OJ C 181, 3.8.2007).

⁽¹⁰⁷⁾ COM(2006) 870 (OJ C 126, 7.6.2007).

On 10 May the Commission also adopted a thematic strategy for human and social development covering the period 2007–13 under the title ‘Investing in people’. Driven by the ambition to help the Union’s partner countries to achieve the millennium development goals, the strategy proposes to support activities under four main pillars: good health for all; education, knowledge and skills; gender equality; and other aspects of human and social development (including social cohesion, employment, decent work, children and youth, and culture). It has an overall budget of EUR 1.06 billion for the period 2007–13 under the Development Cooperation Instrument.

On 23 May the European Parliament adopted a detailed report on promoting decent work in the world, following on from the Commission communication of 24 May 2006 and the Council conclusions of 1 December 2006 on this theme ⁽¹⁰⁸⁾. It stressed that full consideration should be given to the promotion of decent work in the Union’s development policy and external cooperation. It also supported the strengthening of cooperation between the European Union and the International Labour Organisation. The European Economic and Social Committee adopted a similar position in its opinion of 17 January.

The Union was an active participant in the negotiations at the UN General Assembly on the Convention on the Rights of Persons with Disabilities, held on 30 March in New York, and was among the first signatories of the Convention ⁽¹⁰⁹⁾.

On 10 May the Commission adopted a communication ⁽¹¹⁰⁾ on a European agenda for culture in a globalising world ⁽¹¹¹⁾. One of the objectives of the communication is to promote culture as a vital element in the European Union’s international relations in order to build bridges with other regions of the world.

Sustainable development

In a resolution ⁽¹¹²⁾ adopted on 1 February the European Parliament emphasised the need to ensure that the three components of sustainable development, namely environmental protection, social equity and cohesion, and economic prosperity, were properly integrated and implemented in all development cooperation policies and urged the Commission to regularly review this process.

On 25 May the Council adopted a declaration on the fight against drought and desertification in support of a reform of the UN Convention to Combat Desertification ⁽¹¹³⁾.

On 20 June the Commission adopted a thematic strategy for the environment and sustainable management of natural resources, including energy (ENRTP). With an indicative amount of EUR 804 million for the ENRTP for the period 2007–10, the strategy’s objective is to integrate environmental protection requirements into the Community’s development and other external policies as well as to help promote the Community’s environmental and energy policies abroad in the common interest of the Community and partner countries and regions.

⁽¹⁰⁸⁾ See also ‘Relations with international organisations’ in Section 2 of this chapter.

⁽¹⁰⁹⁾ See ‘Protecting and promoting common values beyond the borders of the European Union’ in Section 3 of this chapter.

⁽¹¹⁰⁾ COM(2007) 242 (OJ C 181, 3.8.2007).

⁽¹¹¹⁾ See ‘Culture’ in Chapter III, Section 3, of this Report.

⁽¹¹²⁾ OJ C 250 E, 25.10.2007.

⁽¹¹³⁾ See ‘Environment’ in Chapter III, Section 2, of this Report.

On 18 September the Commission adopted a communication ⁽¹¹⁴⁾ ‘Building a global climate change alliance between the European Union and poor developing countries most vulnerable to climate change’ ⁽¹¹⁵⁾.

In the first sustainable development strategy progress report ⁽¹¹⁶⁾, adopted by the Commission on 22 October ⁽¹¹⁷⁾, poverty eradication in the world was once again identified as a key challenge. The report, which presents the results of the implementation of the sustainable development strategy, identified some encouraging developments in delivery of the millennium development goals. Global poverty had fallen by 4 %, and the school completion rate had risen from 78 % in 2000 to 83 % in 2005. The report also pointed to an improvement in aid quality and effectiveness. However, pressures on environmental sustainability remained high, notably access to key resources, and 1 billion people still lived in extreme poverty. With a view to increasing its contribution to the first millennium development goal (reducing hunger), on 4 May the Commission adopted the 2007–13 thematic strategy document for food security under the Development Cooperation Instrument.

The Bali conference in December ⁽¹¹⁸⁾ also took decisions on several other issues, including deforestation, establishing a fund to help developing countries adapt to the impacts of climate change, and scaling up financing for the transfer of technology to developing countries.

In the area of sustainable development, the Union remained the world’s largest donor to Africa and was very active in the Mediterranean region. Many challenges remain, however, in particular environmental migrants and internally displaced persons, and the implementation of water and forests initiatives. Similarly, the Union has to ensure that the environmental element of sustainable development is sufficiently considered and work towards an international environment governance system.

International cooperation in the fight against drugs

Two main developments characterised the multilateral efforts against drugs in 2007. Firstly, the start of preparations for the assessment of the achievements derived from the commitments undertaken by the international community at the 1998 UN General Assembly special session on drugs. To that effect the European Union sponsored a resolution at the 50th UN Commission on Narcotic Drugs on measures to establish such assessment and the European Commission financed a group of experts to help ensure that the assessment is evidence based. Secondly, a new phase of the Paris Pact process was launched, which seeks to strengthen international efforts along the heroin route and which is mostly financed by Community funds. Under this initiative, three round-table meetings took place in 2007 on anti-precursor diversion and on anti-drugs efforts in the Caspian Sea and between Afghanistan and its neighbours. In all of them, as well as in the Pact’s consultative policy meeting, the Commission, as well as several Member States, participated actively. Several Member States and the Commission were active in the year’s only plenary session of the Dublin Group at which, for the first time ever, a non-member country (Iran) was invited to participate for part of the session.

⁽¹¹⁴⁾ COM(2007) 540.

⁽¹¹⁵⁾ See ‘Environment’ in Chapter III, Section 2, of this Report.

⁽¹¹⁶⁾ COM(2007) 642.

⁽¹¹⁷⁾ See ‘Sustainable development strategy’ in Chapter II, Section 1, of this Report.

⁽¹¹⁸⁾ See ‘Environment’ in Chapter III, Section 2, of this Report.

In the bilateral context, European Union troika meetings on drugs were organised with Afghanistan, the United States, Russia, the Balkans and, for the first time ever, Ukraine and the Economic Community of West African States. The European Union–Latin America–Caribbean cooperation and coordination mechanism on drugs held its annual meeting in Port of Spain in May, while the high-level dialogue on drugs between the Union and the Andean Community was held in Bogota in November.

As in recent years, Afghanistan continued to be ahead of the Andean region as the main focus of European Union cooperation with other countries in the area of drugs. In both, the Union's strategy is mainly aimed at supporting the development of substitution activities; however, law enforcement initiatives are also a significant feature in the Community programme in Afghanistan. Central Asia, eastern Europe and the Caucasus also benefit from regional programmes against drugs that address border control, trafficking and demand reduction concerns in these regions. Several interregional initiatives, financed by the Commission (Latin America–Caribbean, Latin America–Caribbean–Asia, Balkans–Mediterranean, Latin America–Caribbean–Africa) are also being implemented covering inter alia intelligence sharing, drug treatment and harm reduction.

Commodities

On 22 January the Council agreed to an extension of the International Coffee Agreement 2001, which expired on 24 September ⁽¹¹⁹⁾.

On 5 September the Commission adopted a proposal regarding the position to be taken within the International Cocoa Council on the extension of the International Cocoa Agreement 2001 ⁽¹²⁰⁾, which is due to expire on 30 September 2008.

The all-ACP agricultural commodities programme started to become operational in 2007 and implementation of the EU–Africa cotton partnership picked up pace.

On 18 April, as part of the accompanying measures for the ACP Sugar Protocol countries introduced in the wake of the trade shock created by the reform of the European sugar regime, the Commission decided on the allocation of the budget between eligible countries; it also adopted national support strategies for the last five countries concerned.

5.3.3. Humanitarian aid

General approach

Under its humanitarian aid policy the Commission provides assistance to the victims of natural or man-made disasters in non-European Union countries on the sole basis of humanitarian needs. In 2007 the Commission's response to humanitarian crises in more than 70 countries was channelled through 85 financing decisions for a total amount of EUR 768.5 million.

The Commission does not implement assistance programmes itself. It is a donor and implements its mission by funding Community humanitarian actions through partners which have signed the framework partnership agreement, such as NGOs and international

⁽¹¹⁹⁾ OJ L 42, 14.2.2007.

⁽¹²⁰⁾ COM(2007) 499.

organisations (Red Cross family), or the financial and administrative framework agreement between the European Community and the United Nations for the UN agencies.

In 2007 47 % of the funds were allocated to NGOs, 42 % to UN agencies and 11 % to other international organisations.

The key objectives for 2007 were attained in accordance with the strategy set out at the start of the year.

Although, in humanitarian aid terms, the year saw no major natural disasters, a flurry of medium-scale disasters occurred, including flooding in Africa, India and Bangladesh, hurricane Felix in Nicaragua, tropical cyclone Sidr in Bangladesh, hurricane Dean in the Caribbean and the earthquake in Peru.

No new complex crises arose during the year, but a number that already existed in 2006, notably in Chad, Colombia, Somalia, Sri Lanka and Sudan continued and, in some cases, the situation even worsened.

In terms of numbers of beneficiaries, 104 million persons were assisted by projects financed under the humanitarian aid budget line.

The Commission's policy is to pay particular attention to 'forgotten' crises — existing crisis situations where major humanitarian needs receive little attention from donors (reflected in the per capita humanitarian and development aid index). In 2007 the total support allocated to forgotten crises (the situation of Sahrawi refugees in Algeria, Chechnya, the separatist conflict in Jammu and Kashmir in India, Nepal, Myanmar (Burma) and Colombia) amounted to EUR 59 million, representing 13 % of the amounts committed in 2007 for geographical decisions adopted under the humanitarian aid budget line. With the exception of Colombia, these crises were already designated as forgotten crises in 2006.

At the level of humanitarian aid policy, an important step forward was made in 2007 with the adoption of the statement on the European consensus on humanitarian aid, based on the Commission communication 'Towards a European consensus on humanitarian aid' presented on 13 June ⁽¹²¹⁾. In developing its communication, the Commission reviewed lessons learnt in its responses to a number of major crises and conducted an intensive consultation process of its humanitarian partners and of Member States. The consultation showed considerable consensus on the challenges faced by humanitarian aid workers and the need for the Union to take a clear stance in this respect. The intensive negotiations with the European Parliament and Council which followed the communication led to the adoption of the statement on the European Consensus on 18 December. The European Consensus, signed by the three institutions (Parliament, Council and Commission), confirms the principles and best practices for humanitarian action with the aim of promoting a coordinated approach that would allow the Union to maximise its contribution to the international humanitarian response.

Food aid

In line with the Commission communication ⁽¹²²⁾ which established the principle of one instrument per policy area in order to improve the efficiency of Community action, it was

⁽¹²¹⁾ COM(2007) 317 (OJ C 191, 17.8.2007).

⁽¹²²⁾ COM(2004) 101 (OJ C 98, 23.4.2004).

decided to link emergency food aid with humanitarian aid to allow the management of short-term food security and food aid to be coordinated. For the first year of implementation, the Commission implemented two financial decisions worth a total value of EUR 220 million to meet the food needs of vulnerable population groups in an ever-changing environment.

The first year of implementation of food aid linked to humanitarian aid saw 25 million persons assisted.

Disaster preparedness

The Commission supports disaster-preparedness activities in several regions of the world. In 2007, as part of its Dipecho disaster-preparedness programmes, the Commission launched new projects in the Caribbean, southern Asia, central America and Latin America totalling EUR 19.5 million. The Commission mainstreams disaster preparedness in its relief interventions when and where appropriate. It also works with the key development actors at European and international level on better integrating disaster risk reduction in development activities and coordinating efforts to adapt to climate change in high-risk countries.

In terms of numbers of beneficiaries, some 20 million persons were assisted by projects financed under the disaster-preparedness budget line.

Humanitarian aid operations

In 2007 the Commission allocated EUR 768.5 million to humanitarian aid operations through the Humanitarian Aid DG (ECHO).

The main operations financed are set out by region in Table 2.

TABLE 2

Humanitarian aid financing decisions (2007 budget) by geographical area

<i>(EUR)</i>	
Operation regions	Amount decided for 2007
Africa, Caribbean and Pacific (total)	422 760 000
Africa	2 000 000
Horn of Africa	217 950 000
Great Lakes	89 500 000
West Africa	46 600 000
Caribbean, Pacific	16 310 000
Southern Africa, Indian Ocean	50 400 000
New Independent States, Middle East and Mediterranean (total)	124 897 000
NIS (Chechnya, Caucasus, Tajikistan, etc.)	25 807 000
Middle East, Mediterranean	99 090 000
Asia and Latin America (total)	157 366 000
Asia	117 301 000
Latin America	40 065 000
Thematic funding and grants	28 900 000
Technical assistance (experts and offices)	25 400 000
Other expenses (audits, evaluations, information, etc.)	9 207 000
Total	768 530 000

The main operations were in the following countries and regions.

- Africa:
 - in Sudan (EUR 110 million) in response to humanitarian needs (including food aid) arising from the conflict situation, natural disasters and epidemics affecting the country;

- in the Democratic Republic of the Congo (EUR 50 million) to provide basic healthcare and assistance to displaced persons and refugees, targeting the most vulnerable (women and children). The ECHO Flight humanitarian air service was also continued;
- in Chad (EUR 30.5 million) to assist the most vulnerable in the refugee, displaced and host communities. Operational areas included protection, health and food/nutrition, while other activities were conducted in the areas of water and sanitation, basic education, etc.
- Middle East:
 - in Palestinian communities (EUR 60 million), assistance being provided to the most vulnerable in the following areas: food, health, shelter, water and sanitation, psychosocial support and protection. Additional assistance totalling more than EUR 28 million was allocated to the most vulnerable sections of the community on account of the crisis in the West Bank and Gaza Strip, and to Palestinian refugees in Jordan, Lebanon and Syria.
- New Independent States (NIS):
 - in Chechnya (EUR 21 million) where the most urgent needs were covered (rehabilitation of homes that had been destroyed, food security, income-generating activities, protection and psychosocial assistance).
- Asia:
 - in Afghanistan (EUR 27 million) where relief programmes for refugees and displaced persons were launched and multisectoral assistance was provided to the most vulnerable.
- Latin America:
 - in Colombia (EUR 13 million) where aid was provided to the recently displaced to help restore their self-sufficiency. Basic services were also provided to communities that were isolated or under the control of armed groups.

<T3>5.3.4. Regional approaches

Cooperation with the African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCT)

Financial cooperation

On 19 March the Council amended ⁽¹²³⁾ the 2001 decision on the association of the overseas countries and territories with the European Community ⁽¹²⁴⁾ with a twofold aim: first, to extend the original period of validity of the decision laid down in 2001 until 31 December 2013 so that it coincided with the duration of the 10th European Development Fund (EDF) (2008–13) and the multiannual financial framework 2007–13; second, to insert a number of new provisions concerning, in particular, technical assistance and access for OCT to thematic programmes financed by the Union. Under the 10th EDF, the funding allocated to the OCT amounts to a total of EUR 286 million.

⁽¹²³⁾ Decision 2007/249/EC (OJ L 109, 26.4.2007).

⁽¹²⁴⁾ Decision 2001/822/EC (OJ L 314, 30.11.2001).

On 16 July the Commission adopted a proposal for a financial regulation applicable to the 10th EDF ⁽¹²⁵⁾ and, on 18 July, presented a proposal for the adoption of new rules of procedure for the European Development Fund Committee ⁽¹²⁶⁾.

The Commission met its objective by committing all ninth EDF funds before the end of the year, the first time that the whole of one EDF had been committed before the entry into force of the next. The implementation of development cooperation also picked up pace. Contracts and payments under the EDF reached record levels in 2007. Most EDF commitments in the year concerned infrastructure (27 %) and economic development (8 %). Budgetary and sectoral support programmes accounted for 22 % of the new programmes approved in 2007.

The Commission continued to commit substantial resources to major worldwide initiatives such as the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria, and to European Union initiatives, e.g. the ACP–EU water and energy facilities, and the African Peace Facility. The Commission also launched the Infrastructure Trust Fund for Africa, for which an initial allocation of EUR 108 million was made available.

EDF operations undertaken for the benefit of the ACP States and OCT in 2007 came to a total of EUR 3.63 billion. The breakdown of this amount is given in Table 3.

TABLE 3

EDF operations for the benefit of the ACP States and OCT in 2007

Operation regions	Amount decided for 2007 (EUR)
Africa	2 156 876 551.74
Caribbean	241 715 281.13
Pacific	112 431 663.45
OCT	150 475 235.47
Non-geographical programmes	971 283 375.98
Total	3 632 782 107.77

Regional economic partnership agreements

On 15 May the Council confirmed its commitment to the ongoing negotiations with six ACP regions on economic partnership agreements (EPAs) to replace the current system of unilateral preferences by 1 January 2008. It also agreed that the ACP States would have duty- and quota-free access to the Union's market after certain transitional periods. The Council recognised the need for improved rules of origin so that the ACP States could benefit fully from improved access to the European Union market. The Council also recognised that access to ACP markets by the European Union must be progressive and carefully managed, and that flexibility in favour of ACP States (exclusions of products, long transition periods and safeguard clauses) must be compatible with World Trade Organisation rules.

On 23 May the European Parliament adopted a resolution on EPAs, calling on the Commission to make the conditions for the agreements less onerous for the ACP countries, given the delay in the talks and the lack of readiness on the part of these countries for the reforms required. Parliament called for the pacing, timing and scope of liberalisation to be gradual and flexible in order to improve ACP regional integration and competitiveness. It asked for duty-free, quota-free market access for the ACP countries as well as simplified, liberalised and more flexible rules of origin in EPAs.

⁽¹²⁵⁾ COM(2007) 410 (OJ C 246, 20.10.2007).

⁽¹²⁶⁾ COM(2007) 427 (OJ C 246, 20.10.2007).

On 19 October the Commission adopted a communication on economic partnership agreements⁽¹²⁷⁾ in which it set out the strategy that it intended to adopt in the EPA negotiations with the ACP regions.

On 20 November the Council adopted further conclusions in relation to EPAs, endorsing the Commission's approach to the successful conclusion of negotiations, in two steps if necessary, and to improving access to the European market from 1 January 2008.

To this end, on 20 December the Council adopted a regulation⁽¹²⁸⁾ applying the arrangements for products originating in certain States which are part of the African, Caribbean and Pacific (ACP) Group of States provided for in agreements establishing, or leading to the establishment of, economic partnership agreements.

Africa

This year witnessed a modernisation of political relations between the European Union and Africa at continental level, culminating in the establishment of a strategic partnership between the 80 Heads of State or Government at the Lisbon summit on 9 December. This key turning-point helped to raise the Africa–Europe dialogue to the highest political level by affirming the central role of the African Union as the European Union's interlocutor in Africa. This approach is the result of a long process that started in 2005 with the adoption of the European Union's strategy for Africa aimed at improving coherence in Union policies on Africa and coordination between the European Commission and the Member States.

In line with the Council conclusions of December 2006, the negotiation of the joint strategy and the organisation of a second Africa–Europe summit were among the top political priorities of the Union's external relations in 2007 and also among the priorities of the African Union, as was reiterated in the conclusions of the African Union summit held in Accra (Ghana) in July.

The joint strategy and its first action plan were the subject of negotiations between the European Union and the African Union all year long. A meeting of the European Union–Africa ministerial troika approved the proposed outline of a joint strategy to this effect on 15 May. In a communication of 27 June 'From Cairo to Lisbon — The EU–Africa strategic partnership'⁽¹²⁹⁾, the Commission proposed new guidelines for relations between the two continents as a contribution to the future European Union–Africa joint strategy. This communication was followed up by a joint paper 'Beyond Lisbon: making the EU–Africa strategic partnership work'⁽¹³⁰⁾.

The European Union–Africa joint strategy and its first action plan (2008–10) were approved in Accra on 31 October by the European Union–Africa ministerial troika, then by the foreign ministers of the European Union and the African Union on 5 December, before being formally adopted by the Heads of State or Government of the European Union and the African Union at the Lisbon summit of 8 and 9 December.

The European Union–Africa joint strategy offers a long-term vision of the Union's relationship with Africa and aims to enable this relationship to go 'beyond development',

⁽¹²⁷⁾ COM(2007) 635.

⁽¹²⁸⁾ Regulation (EC) No 1528/2007 (OJ L 348, 31.12.2007).

⁽¹²⁹⁾ COM(2007) 357 (OJ C 246, 20.10.2007).

⁽¹³⁰⁾ SEC(2007) 856.

‘beyond Africa’ and ‘beyond the institutions’ by establishing a framework for political dialogue between equals, involving a wide range of institutional and non-State actors, on subjects of common interest and global significance such as migration, energy and climate change. It will start with the implementation of a first action plan (2008–10) covering eight strategic partnerships: peace and security; democratic governance and human rights; trade, regional integration and infrastructure; the millennium development goals; energy; climate change; migration, mobility and employment; and science, information society and space.

In December the Commission and the Council jointly appointed the first-ever European Union Head of Delegation to the African Union, who will have the dual role of European Union Special Representative and European Commission Head of Delegation and will take up office in Addis Ababa, Ethiopia, in January 2008. This appointment testifies to the general strengthening of ties between the European Union and the African Union and to the importance for the Commission, in particular, to strengthen its relations with the African Union’s Commission and other institutions.

In agriculture, the Commission adopted a communication on 24 July ‘Advancing African agriculture — Proposal for continental- and regional-level cooperation on agricultural development in Africa’⁽¹³¹⁾ in response to requests by various African continental organisations for areas of cooperation to be identified in the comprehensive Africa agricultural development programme (CAADP). As confirmed by the corresponding Council conclusions adopted on 20 November, the European Union intends to support agricultural development in Africa through a long-term programme of cooperation, inter alia with the African organisations responsible at regional and continental level for coordinating the CAADP. Based on seven priority areas, the Union’s support will help to increase growth in the sector, in particular by improving agricultural policies and governance. Together with the German Presidency, the Commission also organised the second European forum on sustainable rural development in Berlin from 18 to 21 June which had as its theme ‘Sustainable growth and poverty reduction in rural Africa — How can Europe be a more effective partner?’

At bilateral level, the European Union continued to pay very close attention to developments in the political and humanitarian situation in Sudan’s Darfur region, eastern Chad and the north-eastern Central African Republic. It also kept a close watch on the human rights situation and the transition to democracy and the rule of law of countries such as Côte d’Ivoire, Nigeria, the Democratic Republic of the Congo, Somalia and Zimbabwe.

In 2007 the African Peace Facility continued to support a number of African-led peacekeeping operations, such as the African Union mission in the Darfur region of Sudan (AMIS) (approx. EUR 300 million since the start of the operation), the multinational force in the Central African Republic (a total of EUR 23.4 million) and the African Union mission in Somalia (Amisom) (EUR 15 million). The facility also contributed significantly to building African peacekeeping and security capacities at regional and subregional level (approximately EUR 35 million in total).

Pacific

⁽¹³¹⁾ COM(2007) 440 (OJ C 191, 17.8.2007).

In a resolution adopted on 1 February⁽¹³²⁾ the European Parliament welcomed the Commission initiative announced in May 2006⁽¹³³⁾ aimed at developing a strategy for a strengthened partnership with the Pacific islands after 30 years of cooperation. At bilateral level, in the light of the circumstances which led to power changing hands in Fiji, the Union opened consultations with the country's new rulers to clarify the situation with regard to respect for democratic principles, the rule of law and human rights.

Cooperation with Asia

In March 2007 the Association of South-East Asian Nations (ASEAN) and the European Union celebrated the 30th anniversary of their partnership by endorsing a vision statement calling for closer relations at bilateral and multilateral level. Mr Solana, Secretary-General of the Council and High Representative for the CFSP, was in Manila (Philippines) from 31 July to 2 August in order to attend ASEAN's 14th regional forum.

At the Council's meeting of 23 and 24 April, negotiating directives for a draft free-trade agreement with India, South Korea and ASEAN were adopted, with the negotiations actually starting on 3 May, several rounds taking place since.

At the same time, the Council called on the Commission to open exploratory talks on the renewal or establishment of a new cooperation and partnership agreement with South Korea and India. A number of rounds of talks took place during the year.

The third Asia–Europe meeting of environment ministers was held in April and focused on climate change and sustainable energy, biodiversity loss and deforestation in the context of climate change, climate change and sustainable use of energy, and the future of Europe–Asia environmental cooperation. The meeting saw the signing of a joint statement containing the two parties' commitments on the environment.

For its efforts to support regional integration in South Asia, the European Union was granted observer status at the South Asian Association for Regional Cooperation (SAARC) and was thus able to attend the SAARC summit in New Delhi (India) on 3 and 4 April.

At bilateral level, the Council closely monitored the situation in Myanmar (Burma), as evidenced by the conclusions it adopted in April expressing concern at the serious human rights violations and the restrictions imposed on domestic and international human rights agencies, and by the common position renewing restrictive measures against the country⁽¹³⁴⁾. On 21 June Parliament adopted a resolution condemning the unremitting oppression of the Burmese people by the State Peace and Development Council and its persistent persecution and imprisonment of pro-democracy activists. Parliament regretted that the foreign minister of Myanmar (Burma), Nyan Win, was permitted to attend the eighth ASEM foreign ministers meeting, only days after the military junta in Myanmar (Burma) had extended the illegal house arrest of Daw Aung San Suu Kyi for another year. In July the Council also adopted a regulation renewing the restrictive measures instituted against Myanmar (Burma)⁽¹³⁵⁾. At its meeting of 15 and 16 October, the Council demanded that the Burmese authorities immediately cease all violent repression and intimidation, and called on the government to disclose information about the whereabouts of those arrested since mid-August and to allow

⁽¹³²⁾ OJ C 250 E, 25.10.2007.

⁽¹³³⁾ COM(2006) 248 (OJ C 184, 8.8.2006).

⁽¹³⁴⁾ Common Position 2007/248/CFSP (OJ L 107, 25.4.2007).

⁽¹³⁵⁾ Regulation (EC) No 830/2007 (OJ L 185, 17.7.2007).

international agencies access to them. The Council deemed it necessary to increase direct pressure on the regime through stronger measures as well as the following additional restrictive measures: an export ban on equipment intended for the logging and timber sectors or for the mining of metals, minerals, precious and semi-precious stones; an import ban on products of the above sectors; and an investment ban in these sectors. The Council confirmed the continuation of its substantial humanitarian aid programmes aimed at the most vulnerable populations of Myanmar (Burma) and Burmese refugees in neighbouring countries. It expressed its readiness to assist Myanmar (Burma) in its process of transition and its determination to continue to assist the Burmese people further on their path to democracy, security and prosperity.

In a resolution adopted on 15 February on the dialogue between the Chinese government and the envoys of the Dalai Lama ⁽¹³⁶⁾, Parliament commented on the situation in Tibet and called on the Commission to raise the question of Tibet and the resumption of talks between the two sides during the negotiations on the new European Union–China partnership and cooperation framework agreement.

On 24 May Parliament adopted a resolution on the present situation in Kashmir and future prospects for the region, in which it expressed its wish to strengthen bilateral relations between India and Pakistan in an effort to normalise the situation there.

The first joint commission meeting took place on the same day under the European Community–Pakistan third generation cooperation agreement. The commission, which had not met for 11 years, set up three sub-groups to address issues related to trade, development cooperation and governance, and human rights and migration.

In Bangladesh the Commission's commitment to democracy and human rights was demonstrated by sending and, when it became apparent that parliamentary elections scheduled for January 2007 would be deeply flawed, suspending the European Union election observation mission. The visit of the European Union regional directors' troika to Dhaka in June provided another key opportunity to pass messages on democracy and human rights to the caretaker government. The Commission was the largest donor to the project coordinated by the UN Development Programme to prepare a voter roll with photographs for the elections, which were postponed until the end of 2008.

Cooperation with central Asia

On 27 and 28 March the ministerial troika of the European Union and the foreign ministers of Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan and Uzbekistan met for the first time to examine important regional issues. Discussions focused on economic and trade questions, security, education, democracy, the rule of law and human rights, energy and the environment, and regional questions such as the situations in Afghanistan and Iran. The European Union demonstrated its commitment to the region by promising to double its assistance over the period 2007–13 to a total of EUR 750 million.

At its June meeting the European Council adopted a strategy for a new partnership with central Asia in which it identified the Union's strategic interest in the region in bilateral and regional cooperation and suggested possible areas for a partnership, including sectors such as youth and education, human rights, the rule of law, governance and democratisation,

⁽¹³⁶⁾ OJ C 287 E, 29.11.2007.

economic development, trade and investment, energy and transport, and environmental sustainability and water. The strategy also covers the fight against common threats and challenges.

At bilateral level, in its conclusions of 5 March and 14 May the Council expressed serious concern at the human rights situation in Uzbekistan and reiterated the European Union's willingness to enter into a comprehensive dialogue with Uzbekistan, in particular on human rights. On 14 May the Council adopted a common position⁽¹³⁷⁾ renewing visa restrictions against eight Uzbek officials that were introduced after the events in Andijan in May 2005. In its conclusions of 15 October the Council reviewed the arms embargo and the visa prohibition and decided to renew both decisions for a further year, although the application of the visa prohibition was suspended for the following six months.

The President of Turkmenistan, Mr Kurbanguly Berdymukhamedov, visited Brussels from 5 to 7 November where he met President Barroso, Ms Ferrero-Waldner, Mr Mandelson and Mr Piebalgs for talks that focused mainly on key issues in European Union–Turkmenistan relations, e.g. strengthening cooperation, including through the opening of the Europa House in Ashgabat, moving from the existing cooperation and trade agreement to a partnership and cooperation agreement between the Union and Turkmenistan and strengthening bilateral cooperation on energy by means of a memorandum of understanding. The European Union–Turkmenistan Joint Committee met on 17 September and reviewed issues such as the priorities for Turkmenistan under the central Asia strategy, energy cooperation, European Community assistance and human rights.

The European Union–Kazakhstan Cooperation Council met in Brussels on 12 February to review and discuss the bilateral relations agenda. The first session of the dialogue under the memorandum of understanding on energy cooperation between the Union and Kazakhstan took place in Astana on 10 July. In December the European Union–Kazakhstan Cooperation Committee met in Brussels, where the main topics for discussion were implementation of the strategy and the priorities for Kazakhstan. Throughout the year the Commission maintained the dialogue with the Kazakh authorities on Kazakhstan's accession to the World Trade Organisation and on progress on the trans-Caspian energy project.

The European Union–Kyrgyzstan Cooperation Council met in Brussels on 13 February and examined political reforms in Kyrgyzstan, the rule of law and human rights, regional trade and economic cooperation in central Asia, environmental questions related to transport, and justice and home affairs. An agreement between the European Community and Kyrgyzstan on certain aspects of air services was signed on 1 June.

The seventh joint committee meeting between the European Union and Tajikistan took place in Brussels in December. Various issues were raised in the context of the Union's strategy on central Asia, including the specific priorities for Tajikistan, such as technical advice on the development of the hydroelectricity sector with a view to improving the domestic energy supply and energy exports. Discussions also took place on trade issues, improving the investment climate, and existing and future development projects covering areas such as support for the democratisation process, human rights and the rule of law, and tackling poverty.

Financial cooperation

⁽¹³⁷⁾ Common Position 2007/338/CFSP (OJ L 128, 16.5.2007).

Overall, one of the main concerns of the European Union in 2007 was the promotion of sustainable economic and social development and the eradication of poverty, in particular by supporting social sector reform and by means of the regional development plans for the Asia and central Asia regions.

The Community provided support to the health sector in Afghanistan, Bangladesh, India Myanmar (Burma) and the Philippines. At regional level, support was provided for the prevention of avian influenza and for tackling infectious diseases. Poverty elimination also encompassed food security measures in Afghanistan, Bangladesh, Cambodia, Laos, North Korea, Kyrgyzstan and Tajikistan, and aid to uprooted people in Afghanistan, Bangladesh, Indonesia, Myanmar (Burma), Nepal, the Philippines and Thailand.

There was support for the education sector in Bangladesh, Cambodia, Indonesia, Pakistan and Vietnam. Kazakhstan, Kyrgyzstan, Myanmar (Burma), Nepal, Pakistan and Turkmenistan will also receive aid under new programmes that started in 2007. Asian and central Asian countries are already eligible for the Erasmus Mundus regional programmes and will also be eligible for the Tempus IV higher education programme.

Strengthening governance, including public finance management, reform and economic transition, was also a major focus of Community assistance to the region, particularly for Afghanistan, but also for Cambodia, China, Laos and Sri Lanka. New programmes also started in 2007 with the aim of strengthening governance in Afghanistan, Bangladesh, Indonesia, Laos and Vietnam.

In 2007 the European Union supported the implementation of partnership and cooperation agreements with all the countries of the central Asia region aimed at facilitating transition and poverty reduction. The Commission has initiated consultations with the Member States on the implementation of the new partnership for central Asia adopted in June.

Asian countries will benefit from multi-country cooperation programmes, notably in the energy, transport, education and environment sectors. Preparatory measures were launched in 2007 that will lead to future cooperation with China and India on trade, science and technology. This year marked a key stage for European Community cooperation with Asia and central Asia on the environment, energy and climate change.

Cooperation with Latin America

The new regulation on the financing instrument for development cooperation (DCI), which entered into force on 1 January, has as its general objectives the eradication of poverty and achieving the millennium development goals. The more specific objectives for Latin America include social cohesion, education, regional integration and sustainable development. During 2007 the Commission committed EUR 340 million to development cooperation programmes under the DCI regulation, the country strategy papers and the regional programming documents for the period 2007–13. This total was spread over 17 annual action programmes comprising 36 individual actions for the whole of Latin America: two at regional level, two at sub-regional level and 13 at bilateral level. The main sectors of intervention were education and culture, which accounted for eight actions, social cohesion and inclusion with six actions, modernisation of the State and State institutions with six actions and economic sector support with four actions.

On 19 and 20 April a ministerial meeting was held in Santo Domingo (Dominican Republic) between the European Union and the Rio Group, a forum for the countries of Latin America

and the Caribbean. Discussions covered Haiti, energy, the environment and climate change, the strengthening of multilateralism (notably in the fields of human rights and drugs), middle-income countries, the fight against poverty, and the future of relations between the Union and the Rio Group.

Negotiations on association agreements were opened with the Andean Community on 14 June and with central America on 28 and 29 June. The first series of negotiations took place in September in Colombia and in October in Costa Rica. A second round with the Andean Community was held from 10 to 14 December in Brussels. The future agreements concern political dialogue between the two parties, the strengthening of cooperation and the facilitation of their economic relations, in particular as regards preferential trade and the free-trade agreement.

A forum on social cohesion was held in Santiago, Chile, from 23 to 25 September in advance of the European Union–Latin America and Caribbean summit in order to promote dialogue and cooperation between the two regions on equality, poverty eradication and social inclusion. A European Union–Latin America and Caribbean forum of local government representatives was held in Paris on 29 and 30 November, at which a decentralised cooperation dimension was added to the bi-regional dialogue.

On 30 May the Commission adopted a communication ‘Towards an EU–Brazil strategic partnership’⁽¹³⁸⁾ ahead of the first European Union–Brazil summit on 4 July. During the summit, which was held in Lisbon, a new strategic partnership was established between the European Union and Brazil, based on their close historical, cultural and economic ties. Both sides reaffirmed their commitment to strengthening political dialogue at bi-regional level and on sectoral policies, e.g. maritime transport, science and technology, information society, energy and education. They agreed on the need to identify and promote common strategies to tackle global challenges, and that the best way to deal with global issues was through effective multilateralism, placing the UN system at its centre. Both sides also attached great importance to strengthening European Union–Mercosur relations and were committed to concluding the European Union–Mercosur association agreement. President Lula’s first visit to the Commission on 5 July confirmed the start of a new phase in relations between the Union and Brazil.

At the third meeting of the European Union–Chile Association Council in Brussels on 24 July, Ms Ferrero-Waldner and Mr Alejandro Foxley, the Chilean foreign affairs minister, signed the European Union cooperation programme with Chile for the period 2007–13, with a budget of EUR 41 million. The programme will focus on three key sectors: social cohesion, higher education, and innovation and competitiveness.

The regular meeting of the European Union–Mexico Joint Committee took place on 26 and 27 November in the framework of the existing association agreements.

A second memorandum of understanding between the European Community and the Inter-America Development Bank was signed on 19 November.

Gulf States, Iran, Yemen

⁽¹³⁸⁾ COM(2007) 281 (OJ C 191, 17.8.2007).

On 8 May the eighth Joint Cooperation Council with the Gulf Cooperation Council (GCC) took place in Riyadh (Saudi Arabia). Discussions covered the ongoing negotiations on the free-trade agreement, EU–GCC cooperation, policy issues of common interest and the regional situation. Talks continued during the EU–GCC ministerial troika meeting at the United Nations General Assembly on 25 September in New York.

Developments concerning Iran’s nuclear facilities were the subject of close attention and subsequent action on the part of the European Union. On 23 February the Council adopted a common position establishing restrictive measures against Iran⁽¹³⁹⁾, in accordance with UN Security Council Resolution 1737 (2006), with the aim of persuading Iran to suspend proliferation-sensitive nuclear activities without further delay. The implementation of the restrictive measures (ban on the supply of goods, technologies and technical or financial assistance, freezing of the assets of persons or entities listed in the resolution) was the subject of a Council regulation on 19 April⁽¹⁴⁰⁾. The common position and the regulation were subsequently amended in order to add the additional restrictive measures adopted under Security Council Resolution 1747 (2007).

The fourth political dialogue meeting with Yemen was held on 25 October in Brussels, covering reforms undertaken by the Yemeni government, human rights, security and the regional geopolitical situation.

The European Union continued to take diplomatic steps to draw attention to human rights violations.

The Union launched a new Erasmus Mundus programme designed to strengthen ties between European, Iranian, Iraqi and Yemeni universities. The European Union also supported a number of projects in the area of anti-drugs cooperation; six such projects are under way in Iran, representing an amount of EUR 5.2 million. Three of these projects are jointly run with the United Nations.

General references and other useful links

<LIENS5.3></LIENS5.3>

</DOC>

<T6>Section 4

<T2>5.4. Contributing to security in the world

<T3>5.4.1. Common foreign and security policy

General

The European Union continued to enhance the visibility and effectiveness of its external action throughout the year, strengthening coherence and synergies so as to achieve its objectives in all external fields, including security policy, trade, development aid and conflict prevention.

⁽¹³⁹⁾ Common Position 2007/140/CFSP (OJ L 61, 28.2.2007).

⁽¹⁴⁰⁾ Regulation (EC) No 423/2007 (OJ L 103, 20.4.2007).

It pursued its objective of effective multilateralism not only through support to peace and reconstruction processes, but by mobilising the range of external relations instruments for civilian missions ('rule-of-law' missions) and military operations.

The year 2007 was also the first year of implementation of the Instrument for Stability⁽¹⁴¹⁾ (which replaced the Rapid Reaction Mechanism). Allocated EUR 93 million out of a total budget of EUR 140 million for 2007, its main component is used to manage crisis response measures lasting over a period of 18 months. The Instrument for Stability encompasses a wide panoply of actions to support mediation and confidence-building measures, the establishment and functioning of interim administrations, transitional justice arrangements, civilian measures related to the demobilisation and reintegration of former combatants, as well as rehabilitation of infrastructure and disaster response.

Four new operations were launched in 2007 under the European security and defence policy: the police mission to Afghanistan (EUPOL Afghanistan); the police and security missions to the Democratic Republic of the Congo (EUPOL RD Congo); the European Union planning team (EUPOL Kosovo) for a possible future police operation in Kosovo; and the European Union military operation in Chad and the Central African Republic (EUFOR Tchad/RCA). The Commission continued to manage the budgetary aspects of civilian operations financed under the common foreign and security policy (CFSP) budget.

On 29 January the High Representative, Mr Solana, appointed Mr Matthiessen as his personal representative to the European Parliament in the CFSP field and Ms Kionka as his personal representative for human rights. On 23 April Mr Solana addressed the conference of defence committee chairpersons of the national parliaments of the Member States in Berlin, where he welcomed their regular meetings to discuss issues linked to the European security and defence policy.

On 17 June the Council approved a report from the Presidency on Union activities in the area of conflict prevention. The report includes recommendations based on experience acquired in the areas of early warning, planning, use of Union instruments and cooperation with partners.

The new Treaty of Lisbon adopted by the Heads of State or Government on 13 December⁽¹⁴²⁾ introduced improvements as regards the efficiency and democratic legitimacy of the enlarged Union, and for the coherence of its external action. It also provides for the appointment of a High Representative for the CFSP, who will also be a Vice-President of the Commission and be supported by a European external action service.

The common foreign and security policy has all the Union's policy instruments at its disposal and is increasingly integrated into the strategic objectives of the Union as regards long-term development and the eradication of poverty. The Council adopted conclusions to that effect at its meeting of 19 and 20 November concerning the Union's response to situations of fragility and the link between security and development.

Implementation of the common foreign and security policy

On 18 September the Council approved an update to the guidelines on the appointment, mandate and financing of European Union special representatives to specify that their tenure

⁽¹⁴¹⁾ Regulation (EC) No 1717/2006 (OJ L 327, 24.11.2006).

⁽¹⁴²⁾ See 'Reform of the Treaties' in Chapter 1, Section 3, of this Report.

of office may not as a general rule exceed four years, strengthen the evaluation process, reinforce the role of the representatives in the promotion of political coordination and seek to achieve a gender balance.

On the same day the Council adopted negotiating directives authorising the Presidency, assisted where necessary by the Secretary-General/High Representative for the Common Foreign and Security Policy (CFSP), in the event of future European Union military crisis management operations to open negotiations with host States with a view to concluding agreements on the status of the European Union-led forces on the basis of the revised model agreement.

The joint actions and common positions adopted by the Council in implementing the CSFP during the year concerned:

- in the Balkans:
 - extension and amendment of Common Position 2004/133/CFSP on restrictive measures against extremists in the former Yugoslav Republic of Macedonia ⁽¹⁴³⁾;
 - amendment and extension of the mandate of the European Union special representative in Bosnia and Herzegovina ⁽¹⁴⁴⁾;
 - appointment of Mr Miroslav Lajčák as the European Union special representative in Bosnia and Herzegovina ⁽¹⁴⁵⁾;
 - amendment and extension of the mandate of the European Union special representative in the former Yugoslav Republic of Macedonia ⁽¹⁴⁶⁾;
 - renewal of measures in support of the effective implementation of the mandate of the International Criminal Tribunal for the former Yugoslavia ⁽¹⁴⁷⁾;
 - implementation of Common Position 2004/293/CFSP renewing measures in support of the effective implementation of the mandate of the International Criminal Tribunal for the former Yugoslavia ⁽¹⁴⁸⁾;
 - extension of the mandate of the European Union team to contribute to the preparations of the establishment of a possible international civilian mission in Kosovo, including a European Union special representative component (ICM/EUSR Preparation Team) ⁽¹⁴⁹⁾;
 - amendment and extension of Joint Action 2006/304/CFSP on the establishment of a European Union planning team (EUPT Kosovo) regarding a possible European Union crisis management operation in the field of rule of law and possible other areas in Kosovo ⁽¹⁵⁰⁾⁽¹⁵¹⁾;

⁽¹⁴³⁾ Common Position 2007/86/CFSP (OJ L 35, 8.2.2007).

⁽¹⁴⁴⁾ Joint Action 2007/87/CFSP (OJ L 35, 8.2.2007).

⁽¹⁴⁵⁾ Decision 2007/427/CFSP (OJ L 159, 20.6.2007).

⁽¹⁴⁶⁾ Joint Action 2007/109/CFSP (OJ L 46, 16.2.2007).

⁽¹⁴⁷⁾ Common Position 2007/150/CFSP (OJ L 66, 6.3.2007).

⁽¹⁴⁸⁾ Decision 2007/521/CFSP (OJ L 192, 24.7.2007).

⁽¹⁴⁹⁾ Joint Action 2007/203/CFSP (OJ L 90, 30.3.2007).

⁽¹⁵⁰⁾ Joint Action 2007/520/CFSP (OJ L 192, 24.7.2007).

⁽¹⁵¹⁾ Joint Action 2007/778/CFSP (OJ L 312, 30.11.2007).

- amendment and extension of Joint Action 2006/623/CFSP on the establishment of a European Union team to contribute to the preparations of the establishment of a possible international civilian mission in Kosovo, including a European Union special representative component (ICM/EUSR preparation team) ⁽¹⁵²⁾⁽¹⁵³⁾;
- amendment of Joint Action 2002/921/CFSP extending the mandate of the European Union monitoring mission ⁽¹⁵⁴⁾;
- extension of Common Position 2004/694/CFSP on further measures in support of the effective implementation of the mandate of the International Criminal Tribunal for the former Yugoslavia ⁽¹⁵⁵⁾;
- appointment of a European Union force commander for the European Union military operation in Bosnia and Herzegovina ⁽¹⁵⁶⁾;
- amendment of Joint Action 2004/570/CFSP on the European Union military operation in Bosnia and Herzegovina ⁽¹⁵⁷⁾;
- appointment of an operation commander for the European Union military operation in Bosnia and Herzegovina ⁽¹⁵⁸⁾;
- appointment of the Head of the European Union command element at Naples for the European Union military operation in Bosnia and Herzegovina ⁽¹⁵⁹⁾;
- amendment of Joint Action 2007/87/CFSP amending and extending the mandate of the European Union special representative in Bosnia and Herzegovina ⁽¹⁶⁰⁾;
- extension of the European Union police mission in Bosnia and Herzegovina ⁽¹⁶¹⁾;
- implementation of Joint Action 2007/749/CFSP on the European Union police mission in Bosnia and Herzegovina ⁽¹⁶²⁾;
- appointment of the head of mission/police commissioner of the European Union police mission in Bosnia and Herzegovina ⁽¹⁶³⁾;
- appointment of the head of the European Union planning team (EUPT Kosovo) ⁽¹⁶⁴⁾;
- in the south Caucasus:
 - amendment and extension of the mandate of the European Union special representative for the south Caucasus ⁽¹⁶⁵⁾;

⁽¹⁵²⁾ Joint Action 2007/517/CFSP (OJ L 190, 21.7.2007).

⁽¹⁵³⁾ Joint Action 2007/744/CFSP (OJ L 301, 20.11.2007).

⁽¹⁵⁴⁾ Joint Action 2007/40/CFSP (OJ L 17, 24.1.2007).

⁽¹⁵⁵⁾ Common Position 2007/635/CFSP (OJ L 256, 2.10.2007).

⁽¹⁵⁶⁾ Act 2007/711/CFSP; Political and Security Committee Decision BiH/11/2007 (OJ L 288, 6.11.2007).

⁽¹⁵⁷⁾ Joint Action 2007/720/CFSP (OJ L 291, 9.11.2007).

⁽¹⁵⁸⁾ Act 2007/724/CFSP; Political and Security Committee Decision BiH/10/2007 (OJ L 293, 10.11.2007).

⁽¹⁵⁹⁾ Act 2007/725/CFSP; Political and Security Committee Decision BiH/12/2007 (OJ L 293, 10.11.2007).

⁽¹⁶⁰⁾ Joint Action 2007/748/CFSP (OJ L 303, 21.11.2007).

⁽¹⁶¹⁾ Joint Action 2007/749/CFSP (OJ L 303, 21.11.2007).

⁽¹⁶²⁾ Decision 2007/791/CFSP (OJ L 317, 5.12.2007).

⁽¹⁶³⁾ Political and Security Committee Decision EUPM/3/2007 (OJ L 329, 14.12.2007).

⁽¹⁶⁴⁾ Act 2007/888/CFSP; Political and Security Committee Decision EUPT/2/2007 (OJ L 346, 29.12.2007).

- extension of Joint Action 2006/439/CFSP regarding a further contribution of the European Union to the conflict settlement process in Georgia/South Ossetia ⁽¹⁶⁶⁾;
- in central Asia:
 - renewal of certain restrictive measures against Uzbekistan ⁽¹⁶⁷⁾;
 - restrictive measures against Uzbekistan ⁽¹⁶⁸⁾;
 - amendment of Joint Action 2007/113/CFSP amending and extending the mandate of the European Union special representative for central Asia ⁽¹⁶⁹⁾;
- in Asia:
 - extension of the mandate of the special representative of the European Union for Afghanistan ⁽¹⁷⁰⁾;
 - renewal of restrictive measures against Myanmar (Burma) ⁽¹⁷¹⁾;
 - establishment of the European Union police mission in Afghanistan (EUPOL Afghanistan) ⁽¹⁷²⁾;
 - conclusion of an agreement between the European Union and the Republic of Croatia on the participation of the Republic of Croatia in the European Union police mission in Afghanistan (EUPOL Afghanistan) ⁽¹⁷³⁾;
 - conclusion of an agreement between the European Union and New Zealand on the participation of New Zealand in the European Union police mission in Afghanistan (EUPOL Afghanistan) ⁽¹⁷⁴⁾;
 - appointment of the head of mission of EUPOL Afghanistan ⁽¹⁷⁵⁾;
 - amendment of Joint Action 2007/106/CFSP extending the mandate of the European Union special representative in Afghanistan ⁽¹⁷⁶⁾;
 - amendment of Joint Action 2007/369/CFSP on the establishment of the European Union police mission in Afghanistan (EUPOL Afghanistan) ⁽¹⁷⁷⁾;
 - participation by the European Union in the Korean Peninsula Energy Development Organisation (KEDO) ⁽¹⁷⁸⁾;

⁽¹⁶⁵⁾ Joint Action 2007/111/CFSP (OJ L 46, 16.2.2007).

⁽¹⁶⁶⁾ Joint Action 2007/484/CFSP (OJ L 181, 11.7.2007).

⁽¹⁶⁷⁾ Common Position 2007/338/CFSP (OJ L 128, 16.5.2007).

⁽¹⁶⁸⁾ Common Position 2007/734/CFSP (OJ L 295, 14.11.2007).

⁽¹⁶⁹⁾ Joint Action 2007/634/CFSP (OJ L 256, 2.10.2007).

⁽¹⁷⁰⁾ Joint Action 2007/106/CFSP (OJ L 46, 16.2.2007).

⁽¹⁷¹⁾ Common Position 2007/248/CFSP (OJ L 107, 25.4.2007).

⁽¹⁷²⁾ Joint Action 2007/369/CFSP (OJ L 139, 31.5.2007).

⁽¹⁷³⁾ Decision 2007/665/CFSP (OJ L 270, 13.10.2007).

⁽¹⁷⁴⁾ Decision 2007/670/CFSP (OJ L 274, 18.10.2007).

⁽¹⁷⁵⁾ Act 2007/685/CFSP; Political and Security Committee Decision EUPOL AFG/1/2007 (OJ L 281, 25.10.2007).

⁽¹⁷⁶⁾ Joint Action 2007/732/CFSP (OJ L 295, 14.11.2007).

⁽¹⁷⁷⁾ Joint Action 2007/733/CFSP (OJ L 295, 14.11.2007).

⁽¹⁷⁸⁾ Common Position 2007/762/CFSP (OJ L 305, 23.11.2007).

- amendment of Common Position 2006/318/CFSP renewing restrictive measures against Myanmar (Burma) ⁽¹⁷⁹⁾;
- establishment of the Committee of Contributors for the European Union police mission in Afghanistan (EUPOL Afghanistan) ⁽¹⁸⁰⁾;
- in Africa:
 - renewal of the restrictive measures imposed against Côte d’Ivoire ⁽¹⁸¹⁾⁽¹⁸²⁾;
 - amendment and renewal of Common Position 2004/137/CFSP concerning the restrictive measures imposed against Liberia ⁽¹⁸³⁾;
 - amendment of Common Position 2002/960/CFSP concerning restrictive measures against Somalia ⁽¹⁸⁴⁾;
 - extension of the mandate of the European Union special representative for Sudan ⁽¹⁸⁵⁾;
 - appointment of the European Union special representative for the African Great Lakes Region ⁽¹⁸⁶⁾;
 - renewal of restrictive measures against Zimbabwe ⁽¹⁸⁷⁾;
 - repeal of Joint Action 2006/319/CFSP on the European Union military operation in support of the United Nations Organisation mission in the Democratic Republic of the Congo (MONUC) during the election process ⁽¹⁸⁸⁾;
 - amendment of Joint Action 2005/355/CFSP on the European Union mission to provide advice and assistance for security sector reform in the Democratic Republic of the Congo ⁽¹⁸⁹⁾;
 - implementation of Common Position 2004/161/CFSP renewing restrictive measures against Zimbabwe ⁽¹⁹⁰⁾;
 - appointment of the European Union special representative for Sudan ⁽¹⁹¹⁾;
 - implementation of Joint Action 2005/557/CFSP on the European Union civilian–military supporting action to the African Union mission in the Darfur region of Sudan ⁽¹⁹²⁾;
 - amendment of Joint Action 2005/557/CFSP on the European Union civilian–military supporting action to the African Union mission in the Darfur region of Sudan with regard

⁽¹⁷⁹⁾ Common Position 2007/750/CFSP (OJ L 308, 24.11.2007).
⁽¹⁸⁰⁾ Act 2007/886/CFSP; Political and Security Committee Decision EUPOL AFGH/2/2007 (OJ L 346, 29.12.2007).
⁽¹⁸¹⁾ Common Position 2007/92/CFSP (OJ L 41, 13.2.2007).
⁽¹⁸²⁾ Common Position 2007/761/CFSP (OJ L 305, 23.11.2007).
⁽¹⁸³⁾ Common Position 2007/93/CFSP (OJ L 41, 13.2.2007).
⁽¹⁸⁴⁾ Common Position 2007/94/CFSP (OJ L 41, 13.2.2007).
⁽¹⁸⁵⁾ Joint Action 2007/108/CFSP (OJ L 46, 16.2.2007).
⁽¹⁸⁶⁾ Joint Action 2007/112/CFSP (OJ L 46, 16.2.2007).
⁽¹⁸⁷⁾ Common Position 2007/120/CFSP (OJ L 51, 20.2.2007).
⁽¹⁸⁸⁾ Joint Action 2007/147/CFSP (OJ L 64, 2.3.2007).
⁽¹⁸⁹⁾ Joint Action 2007/192/CFSP (OJ L 87, 28.3.2007).
⁽¹⁹⁰⁾ Decision 2007/235/CFSP (OJ L 101, 18.4.2007).
⁽¹⁹¹⁾ Decision 2007/238/CFSP (OJ L 103, 20.4.2007).
⁽¹⁹²⁾ Decision 2007/244/CFSP (OJ L 106, 24.4.2007).

to the inclusion of a military support element providing assistance to the setting-up of the African Union mission in Somalia (Amisom) ⁽¹⁹³⁾;

- amendment of Common Position 2002/960/CFSP concerning restrictive measures against Somalia ⁽¹⁹⁴⁾;
- lifting of certain restrictive measures imposed against Liberia ⁽¹⁹⁵⁾;
- the European Union police mission undertaken in the framework of reform of the security sector (SSR) and its interface with the system of justice in the Democratic Republic of the Congo (EUPOL RD Congo) ⁽¹⁹⁶⁾;
- the European Union mission to provide advice and assistance for security sector reform in the Democratic Republic of the Congo (EUSEC RD Congo) ⁽¹⁹⁷⁾;
- amendment of Common Position 2005/440/CFSP concerning restrictive measures against the Democratic Republic of the Congo ⁽¹⁹⁸⁾;
- the European Union military operation in the Republic of Chad and in the Central African Republic ⁽¹⁹⁹⁾;
- implementing Joint Action 2005/557/CFSP on the European Union civilian–military supporting action to the African Union missions in the Darfur region of Sudan and in Somalia ⁽²⁰⁰⁾;
- amendment of Joint Action 2007/108/CFSP extending the mandate of the European Union special representative for Sudan ⁽²⁰¹⁾;
- appointment of a European Union special representative to the African Union ⁽²⁰²⁾;
- repeal of Joint Action 2005/557/CFSP on the European Union civilian–military supporting action to the African Union missions in the Darfur region of Sudan and in Somalia ⁽²⁰³⁾;
- in the Middle East:
 - extension and amendment of the mandate of the European Union special representative for the Middle East peace process ⁽²⁰⁴⁾;
 - restrictive measures against Iran ⁽²⁰⁵⁾;
 - amendment of Common Position 2007/140/CFSP concerning restrictive measures against Iran ⁽²⁰⁶⁾;

⁽¹⁹³⁾ Joint Action 2007/245/CFSP (OJ L 106, 24.4.2007).
⁽¹⁹⁴⁾ Common Position 2007/391/CFSP (OJ L 146, 8.6.2007).
⁽¹⁹⁵⁾ Common Position 2007/400/CFSP (OJ L 150, 12.6.2007).
⁽¹⁹⁶⁾ Joint Action 2007/405/CFSP (OJ L 151, 13.6.2007).
⁽¹⁹⁷⁾ Joint Action 2007/406/CFSP (OJ L 151, 13.6.2007).
⁽¹⁹⁸⁾ Common Position 2007/654/CFSP (OJ L 264, 10.10.2007).
⁽¹⁹⁹⁾ Joint Action 2007/677/CFSP (OJ L 279, 23.10.2007).
⁽²⁰⁰⁾ Decision 2007/690/CFSP (OJ L 282, 26.10.2007).
⁽²⁰¹⁾ Joint Action 2007/809/CFSP (OJ L 323, 8.12.2007).
⁽²⁰²⁾ Joint Action 2007/805/CFSP (OJ L 323, 8.12.2007).
⁽²⁰³⁾ Joint Action 2007/887/CFSP (OJ L 346, 29.12.2007).
⁽²⁰⁴⁾ Joint Action 2007/110/CFSP (OJ L 46, 16.2.2007).
⁽²⁰⁵⁾ Common Position 2007/140/CFSP (OJ L 61, 28.2.2007).

- amendment and extension of Joint Action 2005/889/CFSP on establishing a European Union border assistance mission for the Rafah crossing point (EU BAM Rafah) ⁽²⁰⁷⁾;
- the temporary reception by Member States of the European Union of certain Palestinians ⁽²⁰⁸⁾;
- extension of the mandate of the head of mission/police commissioner of the European Union police mission for the Palestinian Territories (EUPOL COPPS) ⁽²⁰⁹⁾;
- amendment and extension of Joint Action 2005/190/CFSP on the European Union integrated rule of law mission for Iraq, Eujust LEX ⁽²¹⁰⁾;
- amendment of Joint Action 2005/797/CFSP on the European Union police mission for the Palestinian Territories ⁽²¹¹⁾;
- amendment of Joint Action 2005/889/CFSP on establishing a European Union border assistance mission for the Rafah crossing point (EU BAM Rafah) ⁽²¹²⁾;
- amendment of Decision 2006/807/CFSP on the European Union police mission for the Palestinian Territories ⁽²¹³⁾;
- in eastern Europe:
 - appointment of the European Union special representative for the Republic of Moldova ⁽²¹⁴⁾;
 - extension and amendment of Common Position 2004/179/CFSP concerning restrictive measures against the leadership of the Transnistrian region of the Republic of Moldova ⁽²¹⁵⁾;
 - renewal of restrictive measures against certain officials of Belarus ⁽²¹⁶⁾;
- other subjects and regions:
 - the update of Common Position 2001/931/CFSP on the application of specific measures to combat terrorism ⁽²¹⁷⁾;
 - implementation of the European Union strategy for combating terrorism and of the strategy for combating radicalisation and recruitment to terrorism ⁽²¹⁸⁾;

⁽²⁰⁶⁾ Common Position 2007/246/CFSP (OJ L 106, 24.4.2007).
⁽²⁰⁷⁾ Joint Action 2007/359/CFSP (OJ L 133, 25.5.2007).
⁽²⁰⁸⁾ Common Position 2007/705/CFSP (OJ L 285, 31.10.2007).
⁽²⁰⁹⁾ Act 2007/737/CFSP; Political and Security Committee Decision EUPOL COPPS/1/2007 (OJ L 298, 16.11.2007).
⁽²¹⁰⁾ Joint Action 2007/760/CFSP (OJ L 305, 23.11.2007).
⁽²¹¹⁾ Joint Action 2007/806/CFSP (OJ L 323, 8.12.2007).
⁽²¹²⁾ Joint Action 2007/807/CFSP (OJ L 323, 8.12.2007).
⁽²¹³⁾ Decision 2007/808/CFSP (OJ L 323, 8.12.2007).
⁽²¹⁴⁾ Joint Action 2007/107/CFSP (OJ L 46, 16.2.2007).
⁽²¹⁵⁾ Common Position 2007/121/CFSP (OJ L 51, 20.2.2007).
⁽²¹⁶⁾ Common Position 2007/173/CFSP (OJ L 79, 20.3.2007).
⁽²¹⁷⁾ Common Position 2007/871/CFSP (OJ L 340, 22.12.2007).
⁽²¹⁸⁾ COM(2007) 649 and COM(2007) 681 (OJ C 9, 15.1.2008).

- support for the universalisation of the 16 United Nations conventions and protocols against terrorism and support for the conclusion of a comprehensive convention on international terrorism within the UN framework;
- amendment of Decision 2004/197/CFSP establishing a mechanism to administer the financing of the common costs of European Union operations having military or defence implications (Athena) ⁽²¹⁹⁾;
- support for chemical weapons destruction in the Russian Federation in the framework of the European Union strategy against proliferation of weapons of mass destruction ⁽²²⁰⁾;
- support for Organisation for the Prohibition of Chemical Weapons activities in the framework of the implementation of the European Union strategy against proliferation of weapons of mass destruction ⁽²²¹⁾;
- establishment of a mechanism to administer the financing of the common costs of European Union operations having military or defence implications (Athena) (codified version) ⁽²²²⁾;
- support for the convention on prohibitions or restrictions on the use of certain conventional weapons which may be deemed to be excessively injurious or to have indiscriminate effects, in the framework of the European security strategy ⁽²²³⁾;
- support for International Atomic Energy Agency monitoring and verification activities in the Democratic People’s Republic of Korea in the framework of the implementation of the European Union strategy against proliferation of weapons of mass destruction ⁽²²⁴⁾;
- the update of Common Position 2001/931/CFSP on the application of specific measures to combat terrorism and repealing Common Position 2007/448/CFSP ⁽²²⁵⁾.

5.4.2. European security strategy and European security and defence policy

European Defence Agency

On 18 September the Council adopted a decision on the financial rules of the European Defence Agency (EDA) and on the procurement rules and rules on financial contributions from the EDA operational budget ⁽²²⁶⁾.

Crisis management

Significant progress was achieved in 2007 in coordinating crisis response. The Commission issued instructions to heads of delegation on practical measures for facilitating coordination in the field between Commission departments and with Member States and international organisations during the acute stage of crises, and set up a network of ‘crisis’ correspondents in the delegations. A study group on the Commission’s role in crisis response was also set up

⁽²¹⁹⁾ Decision 2007/91/CFSP (OJ L 41, 13.2.2007).
⁽²²⁰⁾ Joint Action 2007/178/CFSP (OJ L 81, 22.3.2007).
⁽²²¹⁾ Joint Action 2007/185/CFSP (OJ L 85, 27.3.2007).
⁽²²²⁾ Decision 2007/384/CFSP (OJ L 152, 13.6.2007).
⁽²²³⁾ Joint Action 2007/528/CFSP (OJ L 194, 26.7.2007).
⁽²²⁴⁾ Joint Action 2007/753/CFSP (OJ L 304, 22.11.2007).
⁽²²⁵⁾ Common Position 2007/871/CFSP (OJ L 340, 22.12.2007).
⁽²²⁶⁾ Decision 2007/643/CFSP (OJ L 269, 12.10.2007).

in July with a remit that includes operational coordination. It deals with the study of past crisis scenarios so as to identify the strengths and weaknesses of the response.

Issues relating to the Union's response to crises were the subject of a high-level conference on the theme 'From early warning to early action — Developing the European Union's response to crisis and longer-term threats' on 12 and 13 November.

Non-proliferation

In a resolution adopted on 18 January ⁽²²⁷⁾, the European Parliament regretted that no steps had been taken to adopt the European Union code of conduct on arms exports as a common position despite the fact that a text had been agreed in June 2005.

On 14 March Parliament called on the international community to promote initiatives towards an international multilateral process of uranium enrichment under the control of the International Atomic Energy Agency ⁽²²⁸⁾.

On 17 June the Council noted the start of work on the elaboration of a legally binding international arms trade treaty and endorsed a progress report on implementation of the European strategy against proliferation of weapons of mass destruction, adopted by the European Council in December 2003.

With the adoption of Joint Action 2007/185/CFSP on 19 March ⁽²²⁹⁾, the Union supported the activities of the Organisation for the Prohibition of Chemical Weapons by funding seven projects in the framework of the implementation of the European Union strategy against proliferation of weapons of mass destruction.

On 14 May the Council adopted a mechanism to administer the financing of the common costs of European Union operations having military or defence implications (Athena) ⁽²³⁰⁾. The decision codifies the original decision of 23 February 2004 establishing Athena, notably in the light of subsequent amendments to that decision.

On 19 June the Council approved a report on the implementation of the European strategy against the accumulation and trafficking of small arms and light weapons and ammunition. It welcomed the significant progress made by the European Union and its Member States in the implementation of the strategy and the action plan adopted in 2005 and stressed its full support for the UN programme of action to prevent, combat and eradicate the illicit trade in small arms and light weapons. The second biannual report was adopted by the Council on 11 December, while on 19 November it endorsed the sixth annual report on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons. The Commission contributes to the preparation of those annual reports by conducting a review of the administrative, legislative and financial measures taken under the strategy.

The Council adopted Joint Action 2007/468/CFSP ⁽²³¹⁾ on 28 June to support the activities of the preparatory commission of the Comprehensive Nuclear Test Ban Treaty Organisation in

⁽²²⁷⁾ OJ C 244 E, 18.10.2007.

⁽²²⁸⁾ OJ C 287 E, 29.11.2007.

⁽²²⁹⁾ OJ L 85, 27.3.2007.

⁽²³⁰⁾ Decision 2007/384/CFSP (OJ L 152, 13.6.2007).

⁽²³¹⁾ OJ L 176, 6.7.2007.

order to strengthen its monitoring and verification capabilities in the framework of the implementation of the European Union strategy against proliferation of weapons of mass destruction.

The total European Union spending on combating the accumulation and trafficking of small arms and light weapons and ammunition amounts to approximately EUR 15 million from CFSP funds over the period 1999–2007 and EUR 366 million from European Community funds and the European Development Fund over the period 1992–2007.

Terrorism

In February the European Union revised the strategy which it had adopted in December 2005 for combating radicalisation and recruitment to terrorism to focus its attention on terrorism perpetrated and inspired by al-Qaeda.

The Commission supports a series of projects related to the fight against terrorism, including projects on border protection and combating the financing of terrorism in regions extending from the Balkans to south-east Asia.

The new Instrument for Stability (2007–13), which entered into force in January, will enable the Union to significantly increase its assistance to third countries with a view to developing their counter-terrorist capacities. The Union launched its first joint action on terrorism⁽²³²⁾ on 16 July, allocating financial assistance to the African Centre for Study and Research on Terrorism based in Algiers.

Contribution to peace and security in Africa

The Europe–Africa partnership was consolidated in 2007 through the Member States' voluntary contributions to the African Peace Facility for the purposes of the African Union mission in Sudan/Darfur and the African Union mission in Somalia.

Civilian and military aspects of the European security and defence policy were increasingly present in Africa in 2007. Although much attention had focused on the Democratic Republic of the Congo in the past, in October the largest operation concerned eastern Chad, the north-eastern Central African Republic and areas adjacent to Darfur. A large number of the activities undertaken or planned under the Instrument for Stability targeted these regions and other crisis areas in Africa.

Sudan/Darfur

In its conclusions of 22 January on Sudan, the Council remained greatly concerned about the intolerable security, humanitarian and human rights situation in Darfur and asked for an end to impunity in the region. In its conclusions of 5 March the Council recalled the strong commitment of the Union and its Member States to the African Union mission to Darfur: EUR 400 million had already been contributed to it since 2004 through the African Peace Facility and bilateral contributions from Member States.

At the request of the Political and Security Committee on 24 July, the Council Secretariat and the Commission, working closely with the European Union special representative for Sudan,

⁽²³²⁾ Joint Action 2007/501/CFSP (OJ L 185, 17.7.2007).

presented an outline plan on strengthening the Union's political action in Darfur and the region as a whole. The plan entails direct European Union technical, financial and political support to the negotiating process and support for the African Union/United Nations effort to mediate a settlement in the Darfur conflict. The Union focused on contacts between all the international actors according to the 'Tripoli format', including China and the Arab countries, as well as regional actors, notably Chad, Egypt, Eritrea and Libya.

The European Union welcomed the setting-up of the United Nations–African Union hybrid operation in Darfur (Unamid). The Council noted that it was crucial that AMIS received the support it needed from the international community to enable it to carry on its mission during the transition to Unamid. In this context, on 19 November the Council reaffirmed the Union's intention to ensure the continuation of its current support to AMIS, up to the transfer of authority to Unamid.

Democratic Republic of the Congo

The Council affirmed its support to the work conducted by EUSEC RD Congo. EUPOL RD Congo, the new European Union police mission under the European security and defence policy, and its interface with the justice sector, took over from EUPOL Kinshasa, which was successfully concluded on 30 June.

Chad, Central African Republic

Following the unanimous adoption of UN Security Council Resolution 1778 (2007), which approved the deployment in Chad and the Central African Republic of a multidimensional presence and authorised the European Union to provide the military element of it, the Union decided to deploy forces in these countries for a period of 12 months from the declaration of initial operating capability. The EUFOR Tchad/RCA operation is taking place in the framework of a comprehensive European Union effort to facilitate a long-lasting solution to the conflict in Darfur and to promote regional stability.

Guinea-Bissau

The Council noted that, following an initial joint Council–Commission information-gathering mission in May to Guinea-Bissau, consideration had been given to a possible option for an ESDP advice and assistance mission consisting of a small number of civilian and military technical experts in support of the national security sector reform process.

5.4.3. Middle East peace process

Progress on the Middle East peace process suffered a serious setback following an upsurge in violence during the spring, caused by an internal confrontation between Palestinian armed factions that was particularly brutal in the Gaza Strip and fighting between the Lebanese army and Islamist rebels in Lebanon. A series of meetings between the President of the Palestinian Authority, Mahmoud Abbas, and the Prime Minister of Israel, Ehud Olmert, and the international conference in Annapolis in November have given rise to renewed hope for a lasting solution to the Israeli–Palestinian conflict.

Occupied Palestinian territories

The beginning of the year was marked by tension between Israel and the government of the Palestinian Authority, controlled by the Hamas movement. In its conclusions of 22 January

the Council called on Israel to immediately transfer all withheld Palestinian tax and customs revenues. It also expressed its concern about new settlements and the ongoing construction of the barrier on Palestinian territory. The Council further called for the immediate release of the abducted Israeli soldier and of the Palestinian ministers and members of parliament held in Israel.

In its conclusions of 23 April the Council welcomed the Arab peace initiative as reaffirmed in the declaration of the Arab League summit of 29 March. The Council also demanded the immediate and unconditional release of BBC journalist Alan Johnston, kidnapped in Gaza on 12 March. In its resolution adopted on 26 April the European Parliament backed the Council's demand.

On 23 May the Council adopted a joint action on establishing a European Union border assistance mission for the Rafah crossing point (EU BAM Rafah) ⁽²³³⁾, extending the mission until 24 May 2008 and allocating EUR 7 million to cover the related expenditure.

In its conclusions of 17 and 18 June, the Council condemned Hamas's seizure of control over Gaza. It declared its support for the Arab League's call for the restoration of Palestinian national unity and the unity of Palestinian territory, and for the ongoing efforts by the Egyptian government to mediate a ceasefire. It also expressed support for President Abbas and his decision to declare a state of emergency and install a Palestinian government under Prime Minister Fayyad. The Council confirmed that the European Union would resume normal relations with the Palestinian Authority immediately and would develop the conditions for urgent practical and financial assistance.

On 16 July the European Parliament adopted a resolution condemning Hamas's seizure of military control over the Gaza Strip and called for a resumption of the Palestinian internal political dialogue in a spirit of reconciliation and national unity in order to prevent the geographical and political division of the West Bank and Gaza.

On 23 July the Council strongly condemned the attacks on Israeli territory using Qassam missiles. While recognising Israel's legitimate right to self-defence, it called on Israel to exercise utmost restraint and underlined that action should not be disproportionate or in contradiction to international humanitarian law. The Council reiterated its call for the immediate, complete and regular release of the remaining and future Palestinian tax and customs revenues. It welcomed the initial release of 255 prisoners and detainees as part of the commitment by Israel.

In its conclusions of 15 and 16 October the Council welcomed the present opportunity for progress on Israel–Palestinian peace, commending the efforts of Palestinian President Abbas and Israeli Prime Minister Olmert and encouraging both men to take initiatives as part of their political dialogue.

In order to consolidate progress achieved so far and to fulfil the potential of the current process, in its conclusions of 19 and 20 November the Council urged both parties to take additional steps to meet previous commitments, including those under the roadmap and the agreement on movement and access.

⁽²³³⁾ Joint Action 2007/359/CFSP (OJ L 133, 25.5.2007).

On 10 December the Council welcomed the holding of the Annapolis Conference on the Middle East peace process and the joint understanding reached between Prime Minister Olmert and President Abbas to immediately launch good-faith bilateral negotiations in order to conclude a peace treaty before the end of 2008.

The temporary international mechanism, intended to facilitate needs-based assistance to the Palestinian people, underwent several three-month extensions, endorsed by the Quartet, in 2007.

Lebanon

The security situation in Lebanon suffered as a result of the political deadlock afflicting the country since November 2006. In its conclusions of 22 January the Council commended the ambitious recovery, reconstruction and reform programme adopted by Lebanon on 4 January and hailed the decision by the Lebanese government to adopt an action plan under the European neighbourhood policy.

On 25 January an international conference on support for Lebanon was held in Paris. The European Union and its Member States pledged to provide over 40 % of the aid made available by the international community in support of the Lebanese people and its legitimate and democratically elected government, an amount totalling more than USD 7.6 billion.

At its meeting of 17 and 18 June the Council expressed its concern over the dramatic deterioration in the security situation in Lebanon during May following clashes between the Lebanese army and Fatah al-Islam militants.

The Council also condemned the assassination of member of parliament Mr Walid Eido, his son and others on 13 June. It reiterated its call on all political forces in Lebanon to search for a solution to the current political deadlock and to develop the widest possible consensus for the forthcoming presidential elections. It welcomed the establishment of a special tribunal into the assassination of ex-Prime Minister Rafik Hariri as an opportunity for the Lebanese people to affirm respect for the rule of law in their country.

On 23 July the Council condemned the terrorist attacks on the United Nations Interim Force in Lebanon, in particular the attack on 24 June that killed six peacekeepers from the Spanish contingent. The Council expressed its deep concern over the continuing violence in Lebanon, particularly the fighting in the refugee camp at Nahr al-Bared.

On 16 October the Council also condemned the assassination of member of parliament Mr Antoine Ghanem and five other persons. It reiterated its calls for the holding of free and fair presidential elections, without foreign interference and in conformity with the deadline set by the Constitution.

<T3>5.4.4. Reconstruction process (Afghanistan, Iraq)

Afghanistan

In 2007 the European Union continued to play a major role in the reconstruction process in Afghanistan. The Commission remained one of the top donors in Afghanistan and one of the very few to make a multiannual commitment. In May the Commission launched its new strategy for Afghanistan and announced an indicative programme of assistance for the years 2007–10 worth EUR 610 million. The new aid programme focuses on three priority areas:

reform of the justice sector and the police, rural development including alternatives to poppy production, and health.

One major development in 2007 was the new programme in the justice sector. The Commission placed experts in key justice institutions to draw up a major programme of reforms in the judiciary and legal services in Afghanistan with the aim of improving qualifications, recruitment, and salary and career structures.

The Commission also continued to lend support to the Afghan national police force. In July, during the conference in Rome on the rule of law in Afghanistan, a EUR 200 million aid package in support of the police and the justice system was confirmed. This aid is part of a new commitment to reinforce good governance and the rule of law in the provinces.

At its meeting of 17 and 18 June the Council welcomed the new European Union police mission to Afghanistan (EUPOL Afghanistan) under the European security and defence policy. The aim of the mission is to contribute to the establishment of sustainable and effective civilian policing arrangements under Afghan ownership. During its three-year mandate, the mission will carry out its tasks through monitoring, mentoring, advice and training at the level of the Afghan Ministry of the Interior, regions and provinces.

Most of the European Union Member States continued to contribute to the UN-mandated International Security Assistance Force operating under NATO command. Their total contribution amounted to approximately 17 000 men.

Iraq

The Commission continued to contribute substantially to the international reconstruction effort in Iraq and was the largest donor to the International Reconstruction Fund Facility for Iraq, managed by the World Bank and the United Nations. The facility focuses its support on basic services (education, health, food, upgrading infrastructure, supporting refugees), agriculture and natural resources, capacity building (good governance, human development and institutional support) and election support.

Aid from the Commission totalled EUR 90 million in 2007, providing support to the rule of law, energy, the political process and the reform of public financial management, and assistance to Iraqi refugees in Jordan and Syria. The Commission carried out a global assessment of refugees' needs with a view to developing a comprehensive medium-term strategy. In addition EUR 4 million was made available to support internally displaced persons in Iraq.

The Commission also contributed to strengthening the rule of law in Iraq through the Eujust LEX mission. Two rounds of negotiations were conducted in 2007 with a view to a trade and cooperation agreement with Iraq.

General references and other useful links

<LIENS5.4></LIENS5.4>

</DOC>

<T6>Section 5

<T2>5.5. Multilateral cooperation

<T3>5.5.1. Cooperation with the United Nations

Cooperation between the European Union and the United Nations continued to grow in 2007. The importance of the partnership was underlined when the new Secretary-General of the United Nations, Ban Ki-moon, visited Brussels on 24 January.

The European Union maintained its support for the UN reform process (inter alia through the adoption on 15 June of Council conclusions on the reform of the Food and Agriculture Organisation) and for the consolidation of the new bodies created following the 2005 World Summit (the Peacekeeping Commission and the Human Rights Council).

Having been invited to take part in meetings as an institutional donor, the European Community, together with a number of its Member States, contributed actively to the Peacekeeping Commission, which continued its work on Burundi and Sierra Leone, by adopting a peacekeeping strategy for Burundi on 20 June.

On 17 June the Council approved the Union's priorities for the 62nd General Assembly of the United Nations: reform of the UN system; peacekeeping; peacebuilding architecture; human rights; system-wide coherence of UN operational activities; rule of law; international justice; the responsibility to protect; development and the fight against poverty; environment/climate change and global warming; the fight against terrorism; disarmament, arms control and non-proliferation of weapons of mass destruction; regional organisations; and the UN budget.

On 7 June a joint statement on EU–UN cooperation in crisis management was signed by the Presidency of the Council of the European Union and the UN Secretary-General. The new text was aimed at further enhancing mutual cooperation and improving coordination of the two organisations' activities.

<T3>5.5.2. Council of Europe

Cooperation with the Council of Europe increased in 2007, as testified by the signing on 23 May of a memorandum of understanding between the European Union and the Council of Europe on strengthening cooperation between the two organisations in all areas of common interest. This agreement followed up a decision adopted at the third summit of Heads of State or Government of the Council of Europe in Warsaw in May 2005 on the creation of a new framework for enhanced cooperation and political dialogue with the European Union.

At the European Union–Council of Europe quadripartite meeting of 23 October (involving the European Union Council Presidency, the European Commission, the Council of Europe Presidency and the Secretariat of the Council of Europe), which took place in a constructive atmosphere, the parties noted the landmark step in their cooperation. Action to promote democracy and joint initiatives to be conducted in the countries covered by the European Union's neighbourhood policy were the two strands of discussion at the meeting. The Commission emphasised the neighbourhood policy's potential for cooperation, noting that it also offered the possibility of jointly promoting cooperation at regional level (e.g. in the Black Sea region).

<T3>5.5.3. Organisation for Security and Cooperation in Europe

Throughout the year the Commission continued to cooperate with the Organisation for Security and Cooperation in Europe (OSCE) to ensure that the Union's priorities and objectives, as defined at the Brussels ministerial conference of 4 and 5 December 2006, were taken into account in OSCE activities and policies. Cooperation between the Commission and the OSCE was strengthened, both at headquarters and on the ground, to ensure that human and financial resources were used to optimal effect and contributed to increasing synergy and complementarity between the two organisations. With this in mind, a financial agreement between the European Community and the OSCE on the contributions to the OSCE budget was signed on 11 July.

On issues relating to the economic and environmental dimension, the Commission continued to lead for the European Union at the various monthly meetings and at the Prague Economic Forum (21–23 May) on the impact on environmental security of land degradation, soil contamination and water management.

The Commission also contributed to the work of the 2007 human dimension implementation meeting, which took place in Warsaw from 24 September to 5 October.

Ms Ferrero-Waldner attended the Ministerial Council in Madrid on 29 and 30 November, which took a number of important decisions, including agreeing the chairmanships up to 2011 and increasing support to Afghanistan.

<T3>5.5.4. World Bank and regional development banks

Despite the fact that it is not a World Bank shareholder (only the Member States are), the Community is one of the largest partners in and financial contributors to the World Bank's operations and trust funds around the world. This cooperation has expanded considerably over the last few years under a framework agreement signed in November 2001 (and eventually revised in 2006) and a bilateral memorandum of understanding at geographical level (Mediterranean and African, Caribbean and Pacific regions, European neighbourhood policy countries, central Asia, etc.).

Bilateral relations between the World Bank's newly appointed President, Robert Zoellick, and his team with the Community intensified in 2007. Mr Zoellick himself met President Barroso and the Members of the Commission in June (as President-designate) and again in November.

These visits mainly focused on the new World Bank development strategies: how to stabilise fragile States, how to protect global public goods (including energy and climate change issues), how to enhance good governance in adjusting countries, support to middle-income developing countries, how to engage new emerging economies and donors, how to enhance the European Union's visibility, and cofinancing/implementation modalities with the Community.

The dialogue also took place between the European Union's delegations and the Bank's offices at field level. In 2007 the Bank invited the Community to the presentation of its annual reports. The Bank participated in the European Parliament's hearings on development issues, while meetings also took place in 2007 between the World Bank and the European Investment Bank.

Monthly meetings of the Bank's European executive directors took place in Washington during the year with the aim of harmonising the Union's position and speaking with one voice on the main policy issues and decisions due to be adopted by the Bank's Board.

As regards operations, the Community's annual disbursement pipeline (grants) to support around 30 World Bank trust funds was in the region of EUR 0.5 billion. One third of these initiatives concerned specific projects in individual countries, while the remainder concerned transnational horizontal thematic actions (debt relief under the heavily indebted poor countries programme, health, environment, research on tropical agriculture) and post-war, post-disaster reconstruction programmes coordinated by the World Bank in Afghanistan, East Timor and Iraq, and in tsunami-affected countries in south Asia.

The Community maintained the same type of policy dialogue and operational cooperation with the regional development banks (African Development Bank, Asian Development Bank and Inter-American Development Bank) as with the World Bank.

General references and other useful links

<LIENS5.5></LIENS5.5>

</DOC>

<T4>Chapter VI

<T1>Life of the institutions and other bodies

<T3>6.1.1. European Parliament

Composition of Parliament

As a result of the accession of Bulgaria and Romania, the number of parliamentary seats has been increased to 785. At 31 December the distribution of the 785 seats among the political groups was as follows:

- European People's Party (Christian Democrats) and European Democrats (EPP–ED),
chaired by Mr Daul 284
- Socialist Group in the European Parliament (PES),
chaired by Mr Schulz 215
- Alliance of Liberals and Democrats for Europe (ALDE),
chaired by Mr Watson 103
- Union for Europe of the Nations (UEN),
co-chaired by Ms Muscardini and Mr Crowley 44
- Greens/European Free Alliance (Greens/EFA),
co-chaired by Ms Frassoni and Mr Cohn-Bendit 42
- Confederal Group of the European United Left/Nordic Green Left (GUE/NGL),
chaired by Mr Wurtz 41
- Independence/Democracy Group (ID),
co-chaired by Mr Bonde and Mr Farage 24

There was for a time also a group entitled Identity, Tradition and Sovereignty (ITS); this was set up at the January part-session by 20 members from seven countries (Belgium, Bulgaria, France, Italy, Austria, Romania and the United Kingdom), but it ceased to exist at the first part-session in November, following the departure of five Romanian members. The group's members consequently became non-attached.

Statute of Members

In November Parliament decided to amend Rule 8 of its Rules of Procedure, with effect from the beginning of the seventh parliamentary term in 2009, to make it clear that unless otherwise stipulated the rules governing the implementation of the Statute of Members were to be laid down by its Bureau.

Future composition

In response to an invitation from the European Council, and in line with the new Article 9A of the Treaty on European Union (as amended and inserted by the Treaty of Lisbon), Parliament approved a draft decision on its future composition. There would be a provisional allocation of seats between Member States for the 2009–14 parliamentary term, based on the principle of degressive proportionality, and a review with the aim of establishing a permanent system before the 2014–19 term. The maximum number of seats would be 750, but if there were to be a fresh enlargement during the term that ceiling would be exceeded temporarily.

The European Council in October finally decided for a ceiling of '750 + 1', the '+ 1' being the President of Parliament. At the second part-session in October the President of Parliament, Mr Pötering, said he wanted it to be clear that the President would not be deprived of his vote.

Parliament also approved a report on the right to vote and stand in elections to the European Parliament for Union citizens residing in a foreign Member State, thereby marking out the terrain for a general discussion of measures that might facilitate greater participation in European elections.

Election of officers

The mid-term election of Parliament's officers took place at the beginning of the year: Parliament had to choose its President, vice-presidents and quaestors and the chairmen of its committees.

Mr Pötering was elected the new President by a large majority, following an agreement reached between the two biggest groups (EPP–ED and PES).

Eight parliamentary committees changed chairman: including chairmen of subcommittees, nine chairmen now belong to the EPP–ED, seven to the PES, three to the ALDE, and one each to the UEN, Greens/EFA and GUE/NGL. The reshuffle does not affect the balance established in 2004. The number of committees and their individual fields of responsibility remain unchanged.

Following the arrival of the new Bulgarian and Romanian members, Parliament amended its Rules of Procedure so as to increase the number of quaestors from five to six and the number of vice-chairmen of committees from three to four for the period January 2007 to July 2009.

Parliamentary reform

Parliament embarked on a review of ways of reforming its working methods, and set up a working group to look into the matter. The work will continue next year, but the Conference of Presidents approved an initial set of reform measures in October, dealing with the handling of plenary business.

Parliament's work

A breakdown of Parliament's work in 2007 is given in Table 4.

In 2007 Parliament addressed 6 790 questions to the Commission: 6 066 written questions, 59 oral questions with debate and 665 during question time. Parliament addressed 1 026 questions to the Council: 594 written questions, 23 oral questions with debate and 409 during question time.

Article 194 of the EC Treaty makes Parliament the addressee of petitions at European level, and the petitions lodged by European citizens provide it with a vital opportunity to monitor the application of Community law in practical ways and take appropriate action where necessary. Parliament received some 1 000 new petitions in 2007; a steadily growing proportion concerned the protection of the environment, which has now become the biggest single issue in petitions. Parliament frequently called on the assistance of the Commission in order to help members to study the circumstances complained of in more detail. This is an area where large-scale cooperation between institutions can be very useful.

With regard to the strategic objective of prosperity, Parliament debated a wide variety of issues, including: the broad economic policy guidelines for 2007 and the guidelines for the employment policies of the Member States; the single market review — tackling barriers and inefficiency through better implementation and enforcement; the obligations of crossborder service providers; social services of general interest in the European Union; a common frame of reference for European contract law; putting knowledge into practice — a broad-based innovation strategy for Europe; a European policy on radio spectrum and on broadband Internet; digital libraries; company law and the statute of the European private company; collective cross-border management of copyright; competition policy in 2005; financial services policy 2005–10; public finances in the EMU 2006; timely transmission and verification of statistical data provided by the Member States; financial instability and its impact on the real economy; the 2007 annual report on the euro area, the adoption of the euro by Cyprus and Malta, and the improvement of the way Parliament is consulted on euro-area enlargements; the contribution of taxation and customs policies to the Lisbon strategy; specific difficulties in the transposal and implementation of public procurement legislation in relation to the Lisbon agenda, and derogations from the single-market rules on defence procurement under Article 296 of the EC Treaty; consumer policy strategy 2007–13, and the Green Paper on the review of the consumer *acquis*; the future of European aircraft construction; the air transport agreement between the European Community and the United States, and the multilateral agreement on the establishment of a European common aviation area; the implementation of the first rail package; Keep Europe moving — sustainable mobility for our continent; Galileo; the Green Paper on urban transport; freight transport

logistics in Europe; airport capacity and ground handling — towards a more efficient policy, and the complaint brought before the WTO by Boeing against Airbus; a renewed EU tourism policy — towards a stronger partnership for European tourism; efficiency and equity in European education and training systems; the role of sport in education; the future of professional football in Europe; and the status of artists.

The year was marked by growing concern with questions of energy and climate change. A range of energy issues were debated, including: the macroeconomic impact of the increase in the price of energy; assessing Euratom — 50 years of European nuclear energy policy; prospects for the internal gas and electricity market; a roadmap for renewable energy in Europe; efforts to arrive at a foreign energy policy; conventional energy sources; and energy technology. On climate change, Parliament decided in April to set up a temporary committee on climate change which would formulate proposals on the European Union's future integrated policy on climate change and coordinate Parliament's position with a view to negotiating the international framework for climate policy after 2012. The House heard statements on climate change from the Council and the Commission, and debated the Council's strategy for the Bali conference on climate change (COP 13 and COP/MOP 3). It also adopted a report on the links between trade and climate change.

On the legislative front, key moments in the year were the adoption of a first-reading agreement on mobile phone roaming, and of first-reading positions on a European Institute of Innovation and Technology and on postal services. Parliament approved the outcome of the conciliation on the third rail package, and completed the second readings of a number of important items, such as the coordination of certain rules in the Member States governing audiovisual media services, and the first readings of some others, such as the definition, description, presentation and labelling of spirit drinks, review procedures concerning the award of public contracts, and Fiscalis 2013. But the House rejected the Commission proposal on the approximation of the rates of excise duty on alcohol and alcoholic beverages (the report was first referred back to the appropriate parliamentary committee in May, and finally rejected in July), and likewise rejected the proposal on voluntary modulation of direct payments under the common agricultural policy (the proposal was referred back to committee in November 2006, and finally rejected in February 2007). The House did not accept a committee recommendation that it should reject the proposal regarding the intervention mechanism for cereals.

As regards the solidarity objective, the main subjects considered by Parliament included: equality between women and men and the roadmap for 2006–10; educational discrimination against young women and girls; implementing the principle of equal treatment between persons irrespective of racial or ethnic origin; the situation of disabled women in the European Union; discrimination and social exclusion affecting children with disabilities; social reality stocktaking and common principles on 'flexicurity'; Community action on the provision of cross-border healthcare and the implications of the exclusion of healthcare services from the services directive; homophobia in Europe; the progress of the negotiations on the framework decision on action to combat racism and xenophobia and measures to combat the rise of extremism in Europe; the freedom of movement of Roma within the borders of the European Union; the application of Directive 2004/38/EC on the right of Union citizens and their family members to move and reside freely within the territory of the Member States; missing persons in Cyprus; promoting decent work for all and modernising labour law; strengthening European legislation in the field of information and consultation of workers; corporate social responsibility — a new partnership; aid to farmers whose crops were hit by frost; rising food prices and consumer protection; the integration of the new

Member States into the common agricultural policy; the impact and effects of structural policies on European Union cohesion and the effectiveness of cohesion policy in reducing disparities in the poorest regions; towards a future maritime policy for the Union — a European vision for the oceans and seas, and Member States' efforts during 2005 to achieve a sustainable balance between fishing capacity and fishing opportunities; illegal bird hunting in Malta; the Via Baltica; thematic strategies for the sustainable use of natural resources, for soil protection, and for the sustainable use of pesticides; the Community strategy to reduce CO₂ emissions from passenger cars and light commercial vehicles; efforts to halt the loss of biodiversity by 2010, and international trade in endangered species of wild fauna and flora; the European Union action plan against illegal, undeclared and unregulated fishing; banning seal products in the Union; and the Convention to Combat Desertification.

The committee of inquiry into the crisis at the life assurance company Equitable Life delivered its final report. The report puts forward critical conclusions regarding the particular case, and also makes a number of general recommendations on the transposal of European legislation, the functions of the Commission, and the role of committees of inquiry.

Also with respect to the solidarity objective, there were important legislative developments, including the final versions, arrived at after conciliation, of the regulation on non-contractual obligations (Rome II) and the regulation on the financial instrument for the environment, and the second-reading compromise on the Daphne III programme.

As regards the strategic objective of security, Parliament expressed its views on such current issues as the strategy for the external dimension of the area of freedom, security and justice; agreements with the United States on passenger name records and the SWIFT banking system; restrictions imposed by the European Union on liquids that passengers can take on board aeroplanes; the external dimension of the fight against international terrorism; developing a strategic concept for tackling organised crime; the Council decision on the moratorium on the death penalty; steps towards a global treaty to ban all cluster munitions and towards an arms trade treaty; the 10th anniversary of the signing of the Ottawa Convention banning anti-personnel mines; management of Europe's maritime borders, European solidarity and protection of migrants' rights; practical cooperation and quality of decision-making in the common European asylum system; policy priorities in the fight against illegal immigration of third-country nationals and the policy plan on legal migration, and the Green Paper on diplomatic and consular protection of Union citizens in third countries; fire safety in hotels; the mid-term review of the EU road safety action programme; toy safety, and dangerous toys manufactured in China; consumer confidence in the digital environment; the ESDP operation in Chad and the Central African Republic; natural disasters and the forest fires in Greece, their consequences and conclusions to be drawn for prevention and preparedness measures; combating HIV/AIDS; the multiple sclerosis code of best practice; action to tackle cardiovascular disease; a strategy to support Member States in reducing alcohol-related harm; a European dimension for the prevention of overweight and obesity; policy options for a Europe free from tobacco smoke; and risk management in relation to the genetically modified maize MON 863.

Parliament delivered a favourable opinion on the Council's proposal that the Schengen *acquis* be extended to nine new Member States.

In February the temporary committee on the alleged use of European countries by the United States of America's Central Intelligence Agency for the transport and illegal detention of

prisoners completed its work and delivered its final report. The House resisted attempts by several groups to moderate the tone of the report.

As regards the Union as a global partner, the House reviewed the annual report from the Council to the European Parliament on the main aspects and basic choices of CFSP, including the financial implications for the general budget of the European Union — 2005, and the prospects for the Union's common foreign and security policy in 2007, including the deployment of anti-missile defence systems in Europe by the United States. There were major debates on particular countries and regions of the world discussing the situations in Darfur, in the Middle East and especially Palestine, in Pakistan, in Myanmar (Burma), in Kashmir, in Nigeria, in Zimbabwe and in Georgia; the future of Kosovo and the role of the European Union; the 2006 progress report on the former Yugoslav Republic of Macedonia; the situation in Bosnia and Herzegovina (making recommendations to the Council); the situation in Montenegro (conclusion of the stabilisation and association agreement); relations with Russia, Serbia and Ukraine (including negotiations for a new enhanced agreement with the European Union); transatlantic relations; relations with China, including the dialogue on human rights; relations with Switzerland; strengthening the European neighbourhood policy; Union policy towards reform in the Arab world; trade and economic relations with South Korea; negotiations on an interregional association agreement with Mercosur and the new bilateral strategic partnership with Brazil; the negotiation of an EU–central America association agreement and of an EU–Andean Community association agreement; Euro-Mediterranean relations — the construction of the Euro-Mediterranean free trade zone; a strategy for a strengthened partnership with the Pacific islands; the state of play of EU–Africa relations and the second European Union–Africa summit (Lisbon, 8 and 9 December); the referendum in Venezuela; and the death sentences imposed on medical staff in Libya.

Various aspects of development policy and external trade were considered, and in particular: budget aid for developing countries; the European Union's aid for trade; the proclamation of a European consensus on humanitarian aid; local authorities and development cooperation; mainstreaming sustainability in development cooperation policies; the renegotiation of the WTO government procurement agreement; the Commission Green Paper and public consultation on possible changes to the Union's trade defence instruments; economic partnership agreements; the European interest — succeeding in the age of globalisation and global Europe — external aspects of competitiveness; the TRIPS agreement and access to medicines; the conclusions of the G8 meeting — the millennium development goals at the midway point; the work of the ACP–EU Joint Parliamentary Assembly in 2006; recent developments in bilateral trade relations between the European Union and China, and imports of certain textile and clothing products; and a Union response to situations of fragility, and advancing African agriculture.

Parliament was rigorous in its exercise of its right of democratic oversight of the working of the financing instrument for development cooperation, and several times asked the Commission to withdraw or rewrite draft decisions on the ground that they were outside its executive powers, examples being the 2007 special measure for Iraq, and the regional strategy document and multiannual indicative programme for Asia.

Human rights were also repeatedly on the agenda: more specifically, Parliament discussed the annual European Union report on human rights; the fifth session of the United Nations Human Rights Council, held in Geneva from 11 to 19 June; and the working of dialogues and consultation with non-Union countries on human rights issues.

On enlargement, Parliament adopted its progress report for Croatia in 2006, and debated relations between the Union and Turkey. It considered the role of Turkish women in social, economic and political life. Debate on the impact that future enlargements might have on the effectiveness of cohesion policy also centred on the Union's capacity to integrate Turkey.

Parliament's relations with the other institutions

On the interinstitutional front, Parliament debated the work programmes and achievements of the German and Portuguese Presidencies of the Council and the preparations for the European Councils in Brussels on 21 and 22 June and 13 and 14 December. It also discussed the preparations for the spring European Council on 8 and 9 March, and its outcome, and the preparations for the informal European Council in Lisbon on 18 and 19 October, and its outcome; the European Investment Bank's annual report for 2005; the European Central Bank's annual report for 2006; the 2006 annual report on the activities of the European Ombudsman (in the presence of the Ombudsman, Mr Diamandouros); and the Court of Auditors 2006 annual report, presented by its President, Mr Weber.

On the budgetary front, Parliament adopted the 2008 budget and approved the discharge for 2005. The 2008 budget, as adopted, reflects the policy priorities adopted by Parliament at first reading, with special reference to Community financing for Galileo, the European Institute of Innovation and Technology, and the European Union missions to Kosovo and Palestine. Parliament decided to keep only EUR 5 million in the blocked reserve under Heading 5 for Commission staff expenditure. It also debated the future of the Union's own resources.

On the political and institutional front, Parliament expressed its position on a great many issues of current political importance, such as: the Berlin Declaration; the roadmap for the Union's constitutional process; the convening of the Intergovernmental Conference, where it had to deliver an opinion under Article 48 of the EU Treaty; approval of the Charter of Fundamental Rights of the European Union, and a methodology for systematic and rigorous monitoring of compliance with the Charter in the Commission's legislative proposals; and co-decision (with the conclusion of the joint declaration on practical arrangements for the co-decision procedure) and comitology. Better lawmaking was a centre of attention once again and Parliament adopted resolutions on: the annual report 'Better lawmaking 2005 — Application of the principles of subsidiarity and proportionality'; a strategic review of better regulation in the European Union; the strategy for the simplification of the regulatory environment; and institutional and legal implications of the use of 'soft law' instruments. On the legislative front, there were two reports adopted in November (one under the simple consultation procedure, the other by the co-decision procedure) on political parties at European level and the rules regarding their funding. The first co-decision reading was in fact completed in record time.

At the December part-session the Sakharov Prize was presented to Mr Salih Mahmoud Mohamed Osman, a Sudanese lawyer who has defended victims of the war in Darfur. Special sittings of the House were addressed by Mr Băsescu, President of Romania, in January; Mr Parvanov, President of Bulgaria, in February; Mr Kalam, President of India, in April; Mr Cavaco Silva, President of Portugal, in September; Mr Sarkozy, President of France, in November; and His Majesty King Abdullah II, King of the Hashemite Kingdom of Jordan, in December.

Parliament invited various members of the European Council to debate the future of Europe, notably Mr Prodi, Prime Minister of Italy, and Mr Balkenende, Prime Minister of the

Netherlands, in May, and Mr Zapatero, Prime Minister of Spain, in November. In May, in the form of statements made by the President of Parliament and the chairs of the political groups, the House reacted to tensions between Estonia and Russia and sent a powerful political message of solidarity from within the European Union.

Staffing

At 31 December the establishment plan of Parliament's Secretariat comprised 4 998 permanent posts and 126 temporary posts.

Cooperation between the European Parliament and the Commission

At the December part-session Parliament approved by a large majority a resolution on the Commission's legislative and work programme for 2008. The resolution welcomed improvements made by the Commission, and put forward a great many suggestions.

TABLE 4

Parliamentary proceedings from January to December — Resolutions and decisions adopted

	Legislative						Budget and discharge	Other procedures				Total	
	Consultation (¹)	Cooperation		Codecision				Approved	Own-initiative procedures	Resolutions (Articles 103, 108)	Human rights		Miscellaneous
		First reading	Second reading	First reading (²)	Second reading (³)	Third reading							
January I				4			1	3	2			10	
January II	2						2	6	2			13	
February	8				1			12	5	3		34	
March I	5							11	8	3		30	
March II	3							4	1		1	15	
April	10			2				8	7	3	1	70	
May I				3				6	2		1	13	
May II	6			2				11	5	3	3	33	
June I	8				1			2	2		1	19	
June II	13							14	5	3	1	53	
July	14				1		1	14	8	3	4	69	
September I	4							12	4	3		27	
September II	11				3			9	6			37	
October I	5					3		4	3			12	
October II	20			2				10	5	3	4	56	
November I	9			19			1	9	10	3	2	53	
November II	13			11	1			4	2		2	33	
December	21			5	4			5	11	3	3	55	
Total 2007	152			119	22	6	9	144	88	30	23	632	

(¹) Including 66 cases in which Parliament proposed amendments to the Commission proposal and two cases in which it rejected the proposal.

(²) Including 79 cases in which Parliament proposed amendments to the Commission proposal.

(³) Including 15 cases in which Parliament amended the Council's common position.

<T3>6.1.2. European Ombudsman

The European Ombudsman, Mr Diamandouros, acting on the basis of Article 195 of the EC Treaty, opened some 180 inquiries into cases of suspected maladministration on the part of the Commission. These cases focused mainly on the question of transparency (access to documents), disputes regarding invitations to tender and grants, personnel matters, the role of the Commission as guardian of the Treaties, and traditional types of administrative problem such as letters answered late or not at all. About 15 % of inquiries in recent years have led to criticism by the Ombudsman: more and more often the Ombudsman has proposed that the complainant and the Commission reach a settlement of their dispute. In order to enhance political accountability, it is now no longer the Secretary-General of the Commission that replies to the Ombudsman in an inquiry, but instead the responsible Commissioner acting on behalf of the whole Commission.

In October the Ombudsman met the coordinators in the directorates-general who handle the complaints he sends them, and in November he met the directors-general and heads of other departments. Parliament is currently considering proposals submitted to its President by the Ombudsman for changes to the conditions governing the performance of his duties. At the debate on his annual report for 2006, Mr Diamandouros told Parliament that there was a growing awareness of the Ombudsman's role among the public.

<T3>6.1.3. Council and European Council

Council

The Council was chaired by Germany in the first half of 2007 and by Portugal in the second half. It held a total of 79 formal meetings in its various configurations.

At 31 December the establishment plan of the General Secretariat of the Council comprised 3 461 permanent posts and 369 temporary posts.

European Council

The European Council held five meetings in 2007.

8 and 9 March

The European Council met in Brussels with Angela Merkel, the German Chancellor, in the chair. The meeting focused on the launch of an energy policy for Europe, preparations for the United Nations negotiations with a view to a post-2012 world agreement on international climate protection, and the progress of the Lisbon strategy. Also discussed were the new partnership with the United States, the protection of intellectual property rights, the fight against counterfeiting and product piracy internationally, the European Institute of Technology, better regulation and reducing administrative burdens resulting from legislation in the European Union, and the appointment of four European coordinators for four energy projects.

Informal meeting in Berlin on 24 and 25 March

The Heads of State or Government met informally in Berlin on 24 and 25 March, on the occasion of the 50th anniversary of the signing of the Rome Treaties on 25 March 1957. They

signed the Berlin Declaration, which underlines the contribution European unification has made to peace and prosperity and reiterates the Union's fundamental values.

21 and 22 June

The European Council met in Brussels with Angela Merkel, the German Chancellor, in the chair. The meeting concentrated largely on the prospects for a new Treaty for the Union. After a long discussion the European Council decided to convene an Intergovernmental Conference, for which it set out a detailed mandate, emphasising that the conference should complete its work by the end of 2007. The conference would draw up a Treaty amending the existing EU and EC Treaties. Other subjects discussed included managing migration, the importance to be given to a number of measures associated with the Lisbon strategy and the modernisation of the economy, the signal sent by the recent G8 summit regarding energy policy and climate change, external relations as regards the European neighbourhood policy and relations with Africa and central Asia, and progress in the peace process in Northern Ireland.

Informal meeting in Lisbon on 19 October

The Portuguese Presidency held an informal European Council which discussed globalisation and the external dimension of the Lisbon strategy. The leaders discussed the recent document from the Commission entitled 'The European interest — Succeeding in the age of globalisation', and confirmed the Union's commitment to the opening of markets, while calling for robust defence of the Union's interests outside the Union and of consumers' interests inside it. They also discussed the role and experience of the Union in environmental and social regulation, the need for greater transparency and for an early warning system for financial markets, and climate change. Alongside the informal European Council meeting, the Heads of State or Government ended the work of the Intergovernmental Conference on 18 October, by agreeing to a draft Treaty, which they subsequently signed in Lisbon on 13 December. The Charter of Fundamental Rights was signed by the Presidents of the European Parliament, the Council and the Commission on 12 December.

14 and 15 December

The European Council met in Brussels on 14 and 15 December with the Portuguese Prime Minister, Mr Sócrates, in the chair. The European Council welcomed the agreement on the amending Treaty reached at the Intergovernmental Conference on 18 October and the subsequent signing of the Treaty of Lisbon on 13 December, as well as the proclamation of the Charter of Fundamental Rights on 12 December. It called for swift completion of national ratification processes with a view to the entry into force of the Treaty on 1 January 2009, thereby allowing the Union to concentrate fully on addressing the concrete challenges ahead, in particular climate change and globalisation. It adopted a declaration on globalisation in which it presented the challenges to be met and the steps the Union must take to ensure that it is a source of opportunity rather than a threat. In order to help the Union anticipate and meet challenges more effectively in the longer term, the European Council established an independent 'Horizon 2020–30 Reflection Group' with the task of identifying the key issues and developments which the Union is likely to face and to analyse how these might be addressed. Discussions also covered: the development of a migration policy; counter-terrorism strategy; implementation of the renewed Lisbon strategy; energy, climate change and sustainable development strategy; improving the framework conditions for business; the common principles on flexicurity; an integrated maritime policy; the negotiations on the future status of Kosovo; and the situation in Congo, Iran, Lebanon and Myanmar (Burma).

Synthesis of achievements in 2006

On 28 February the Commission issued a communication summarising its policy achievements in 2006. On 30 May it also issued a synthesis of its management achievements in 2006.

Strategic planning and programming for 2008

On 21 February, as the first stage in its annual policy cycle, the Commission adopted its annual policy strategy for 2008. The paper establishes the policy priorities for each of the Commission's four strategic objectives (see above).

On 23 October the Commission presented its legislative and work programme for 2008. The focus continues to be on delivering results within the overall strategic objectives set out at the start of the Commission's term. The legislative programme will concentrate on growth and jobs, sustainable development and the fight against climate change, an integrated approach to migration and social integration, the well-being of the citizens in a time of globalisation with special reference to health and safety, and the role of the Union in the world.

Legislative activity

The Commission met 43 times during the year. It sent 462 proposals for directives, regulations and decisions and made three recommendation. It also presented 358 communications and reports, 11 Green Papers and four White Papers. In addition to the new initiatives, programmes and action plans adopted, the debates launched and the ongoing activities pursued under its work programme for 2007, these figures include proposals for routine management instruments and proposals for consolidating existing legislation.

Relations with national parliaments

On 8 May the Commission adopted its second annual report on relations with national parliaments. The report reviews progress in 2006 on the achievement of the objectives set, including visits to national parliaments by Members of the Commission and greater accessibility to national parliaments in the performance of their institutional responsibilities.

In 2007 the Commission continued to pursue the objectives suggested by Ms Wallström in February 2005, with attendance at meetings of the permanent representatives of the national parliaments, high-level participation in the Conference of European Affairs Committees of the parliaments of the European Union (COSAC) and in meetings between national parliaments and the European Parliament organised by COSAC, and the drafting of a newsletter.

In its communication to the European Council 'A citizens' agenda — Delivering results for Europe', adopted on 10 May 2006 ⁽²³⁴⁾, the Commission expressed its wish to 'transmit directly all its new proposals and consultation papers to the national parliaments, inviting them to react so as to improve the process of policy formulation'. This commitment was welcomed by the European Council, and since September 2006 the Commission departments

⁽²³⁴⁾ COM(2006) 211 (OJ C 176, 28.7.2006).

have been sending these papers to all the national parliaments and responding to their opinions in accordance with a procedure that has been developed ⁽²³⁵⁾.

Since October 2006 the Commission has received 167 opinions from 27 national assemblies in 17 Member States on 82 different documents; 112 empowerment procedures and 17 simplified procedures have been launched; 38 opinions were fully positive.

Thirty-five opinions were issued in relation to two tests of subsidiarity and proportionality carried out in the COSAC framework. The divorce proposal elicited 19 opinions: 16 of these were positive, with three lightly critical on the subsidiarity justification; the opinions from the Czech and Dutch parliaments were negative. The proposal concerning the full accomplishment of the internal market of Community postal services elicited 16 opinions; the Belgian, German, French and Luxembourg parliaments expressed reservations on certain parts of the proposal.

Another 132 opinions concerned different Commission documents. Some proposals resulted in more than a single opinion. The following Commission documents were commented on by at least three assemblies: the proposals on the European Institute of Innovation and Technology, on the common organisation of the market in wine, and on sanctions against employers of illegally staying third-country nationals; the Green Papers on tobacco smoke, on modernising labour law, on diplomatic and consular protection, on public access to documents held by institutions of the European Community, on the European research area and on the future common European asylum system; the communication 'A European vision for the oceans and seas'; and the annual policy strategy for 2008.

Certain second chambers were very active: the Czech Senate, the German Bundesrat, the French Senate and the UK House of Lords were authors of 92 out of the 167 opinions. Other proactive assemblies included the Swedish Riksdag, the Danish Folketing and the Portuguese Assembleia da República.

The Commission is on its way to the first evaluation of the procedure and will examine how to improve this new mechanism for direct dialogue with the national parliaments. With the prospect of ratification of the Lisbon Treaty, the Commission will also consider adapting its procedure to the new Treaty provisions from the date of their entry into force.

Staff policy and human resources management

In 2007 the Commission had 19 004 permanent administrative posts and 366 temporary administrative posts, and 3 828 permanent research posts. There were also 1 920 permanent posts and 117 temporary posts for offices attached to the Commission. In the agencies, there were 3 733.5 posts for officials and temporary staff in the regulatory agencies, and 164 posts for temporary staff in the executive agencies.

At 1 November there were 230 Commission officials seconded outside the Commission, and 1 171 national experts were working at the Commission. In 2007, 261 national civil servants had the opportunity to see the working of the Commission from the inside under its 'structural' in-service training scheme.

6.1.5. Court of Justice and other courts

⁽²³⁵⁾ SEC(2006) 1252.

Appointments to the Court of Justice

The following were appointed to the Court of Justice in 2007 as judges: Mr Alexander Arabadjiev and Ms Camelia Toader.

Appointments to the Court of First Instance

The following were appointed judges of the Court of First Instance in 2007: Mr Valeriu Ciucă, Mr Teodor Tchipev, Mr Alfred Dittrich, Mr Sten Frimodt Nielsen, Mr Santiago Soldevila Fragoso and Mr Laurent Truchot.

Mr Jaeger, who has been a judge of the Court of First Instance since 11 July 1996, was appointed President of the Court on 17 September.

Staffing of the courts

At 31 December the Court of Justice, the Court of First Instance and the Civil Service Tribunal had 1 453 permanent posts and 429 temporary posts.

Case-law of the Court of Justice and the Court of First Instance

The Court of Justice delivered three judgments on questions of police and judicial cooperation in criminal matters.

- In the case of *Advocaten voor de Wereld* ⁽²³⁶⁾, the Court upheld the validity of the framework decision on the European arrest warrant, rejecting the arguments put forward that the form of legal instrument used was inappropriate and that the principles of legality and non-discrimination had been infringed.
- In a case brought by the *Ordre des barreaux francophones et germanophone and Others* ⁽²³⁷⁾ the Court held that the money laundering directive did not infringe the right to a fair trial guaranteed by the Convention for the Protection of Human Rights and Fundamental Freedoms when, under certain precise conditions, it extended to lawyers the obligation to inform the competent authorities if facts came to their knowledge that might be linked to money laundering.
- In a case brought by the Commission against the Council concerning the power of the Community to make provision for criminal penalties in order to combat pollution caused by ships ⁽²³⁸⁾, the Court confirmed its existing case-law in the environmental sphere by annulling a framework decision on the ground that the provisions at issue were a matter of Community competence; the judgment also clarified the limits of that competence.

In a competition case, *Microsoft v Commission* ⁽²³⁹⁾, the Court of First Instance upheld the legality of a Commission decision fining Microsoft for abusing a dominant position by refusing to supply information needed to allow a measure of interoperability between its Windows client PC operating system and other systems, and tying in the sale of its Windows Media Player.

⁽²³⁶⁾ Case C-303/05.

⁽²³⁷⁾ Case C-305/05.

⁽²³⁸⁾ Case C-440/05.

⁽²³⁹⁾ Case T-201/04.

In *Lucchini* ⁽²⁴⁰⁾, the Court had to rule on the principle of the primacy of Community law in a matter of State aid. It held that a national court was prevented from applying a domestic rule that might encroach upon the Commission's exclusive authority to decide whether a State aid measure was compatible with the common market, including a domestic measure applying the principle of *res judicata* which in the case at issue stood in the way of the recovery of aid that the Commission had declared incompatible.

On citizenship and immigration policy, *Morgan and Bucher* ⁽²⁴¹⁾ raised the matter of a condition laid down in German legislation according to which an education or training grant could be awarded for study abroad only if the foreign study was a continuation of a course followed for at least a year in Germany. The Court held that the rule was contrary to the free movement of Community citizens guaranteed by Article 18 of the EC Treaty.

The Court delivered three judgments on questions of the single market and free movement.

- In *Stamatelaki* ⁽²⁴²⁾ the Court had to consider a rule applied in Greece that prevented the refund of the cost of treatment in a private hospital in another Member State, whereas the same treatment would be refunded if provided at a private hospital in Greece; confirming earlier case-law, the Court held that this rule was an unjustified restriction on the freedom to provide services.
- In *The International Transport Workers' Federation and the Finnish Seamen's Union* ⁽²⁴³⁾ and *Laval un Partneri* ⁽²⁴⁴⁾ the Court held that the right to take collective industrial action was a fundamental right that formed an integral part of the general principles of Community law, but said that that right had to be reconciled with the fundamental freedoms of movement in the single market. The Court said that the trade union action in the case constituted a restriction on free movement that was caught by Article 43 of the EC Treaty, and could be justified by considerations of the protection of workers only if it could be shown that the action was suitable for securing the attainment of the objective pursued and did not go beyond what was necessary in order to attain it. In the *Laval* judgment the Court held that a blockade of building sites was a restriction on the freedom to provide services which could not be justified in the case at issue, given that the protection of workers was to a great extent ensured by the Community law in force, and that the trade union action was taking place in a national context characterised by a lack of provisions that were sufficiently precise and accessible.

On taxation, the Court held in *Meilicke* ⁽²⁴⁵⁾ that a distinction drawn in national tax legislation between the treatment of dividends received from domestic companies and of dividends received from companies in other Member States was a restriction on the free movement of capital provided for in Article 56 of the EC Treaty, and was not justified in the case at issue. The Court also clarified the circumstances in which it would limit the temporal effects of its judgments; in the case before it, it refused to grant any such limitation.

<T3>6.1.6. Court of Auditors

⁽²⁴⁰⁾ Case C-119/05.
⁽²⁴¹⁾ Joined Cases C-11/06 and C-12/06.
⁽²⁴²⁾ Case C-444/05.
⁽²⁴³⁾ Case C-438/05.
⁽²⁴⁴⁾ Case C-341/05.
⁽²⁴⁵⁾ Case C-292/04.

Annual report

On 13 November the President of the Court of Auditors presented its annual report for 2006 to the European Parliament ⁽²⁴⁶⁾. The report notes a number of improvements, especially with regard to agricultural expenditure. But it says that the legality and regularity of most Community expenditure continues to be affected by errors, owing to weaknesses in the internal controls at the Commission and in the Member States.

Special reports

The special reports produced by the Court of Auditors in 2007 concerned the following:

- evaluating the European Union Research and Technological Development framework programmes;
- administrative cooperation in the field of value added tax;
- control, inspection and sanction systems relating to the rules on conservation of Community fisheries resources;
- the effectiveness of technical assistance in the context of capacity development;
- the Commission's management of the CARDS programme;
- physical and substitution checks on export refund consignments;
- the management of the European Refugee Fund (2000–04);
- the institutions' expenditure on buildings;
- the implementation of the mid-term processes in the Structural Funds 2000–06;
- the Community transit system.

Specific annual reports

The specific annual reports produced by the Court of Auditors in 2007 concerned the annual accounts of the various European Union bodies and agencies for 2006.

Opinions

In 2007 the Court of Auditors issued opinions on various legislative proposals with financial implications, including the draft amending the financial regulation applicable to the general budget of the European Communities, and the draft amending the regulation on a standard financial regulation for the executive agencies to be entrusted with certain tasks in the management of Community programmes.

6.1.7. European Economic and Social Committee

The year 2007 was a productive year for the European Economic and Social Committee.

⁽²⁴⁶⁾ OJ C 273, 15.11.2007.

Since the second wave of the fifth enlargement of the European Union on 1 January, the Committee has had 344 members. The 12 Bulgarian and 15 Romanian members were sworn in at the January plenary session in the presence of Mr Rehn.

In 2007 the Committee extended its scope for action in two priority policy areas by setting up the Sustainable Development Observatory and the Labour Market Observatory. In the field of foreign relations it created an EU–China round table modelled on the one with India.

The Committee held nine plenary sessions during the year, almost all of them attended by one or more Members of the Commission. It delivered 188 opinions on the full range of common policies. Notable among the policy priorities for the year were the important Committee opinions on European Union energy policy. In 2007 the Committee stepped up its efforts to streamline its working practices by introducing a system for classifying opinions by policy priority and by confirming the rules on the presentation and length of opinions.

The Committee held a very intensive political dialogue with the other institutions in 2007, a fact reflected for example in the nine exploratory opinions issued by the Committee at the Commission's request under the protocol on cooperation on which relations between the Committee and the Commission are based. The Committee's views are also increasingly being sought by the upcoming Council Presidencies in connection with their respective priorities.

At the Committee's plenary session on 31 May Ms Wallström, Vice-President of the European Commission, and Mr Dimitriadis, President of the EESC, signed an addendum to the protocol on cooperation between the Commission and the European Economic and Social Committee. This document, which follows on from the November 2005 protocol, lays down basic principles of communication policy.

The Committee continued its thematic cooperation with similar bodies in the Member States on topics which are central to the European agenda. In this connection a fruitful discussion was held in July between Mr Barrot, Vice-President of the Commission, and the presidents and secretary-generals of the economic and social councils on the reform of the Treaties, climate change and energy policy.

In addition to drafting opinions, the Committee, in its capacity as spokesman for European civil society, organised a number of large meetings and conferences. These included a conference entitled 'IGC 2007 — Organised civil society has its say on the future of Europe', held on 27 and 28 September and attended, among others, by Ms Wallström and Mr Lobo Antunes, Portuguese State Secretary for European Affairs, which brought together a wide range of civil society organisations from the Member States.

On 17 December the European Economic and Social Committee and the Committee of the Regions signed a new cooperation agreement governing their relations for the years to come.

At 31 December the Committee's establishment plan comprised 695 posts (560 permanent posts and 135 temporary posts), of which 458 were in the services shared with the Committee of the Regions; there were seven posts vacant.

<T3>6.1.8. Committee of the Regions

The highlight of the year was the signature in June of the communication policy addendum to the cooperation protocol.

The Committee organised its Bureau meeting and March plenary session in Rome, which enabled it to take part in the festivities to commemorate the signing of the Treaties of Rome. The formal session was attended by a great many leading figures from European and Italian political life, including the President of Italy, Mr Napolitano, the President of the European Commission, Mr Barroso, and the Italian Prime Minister, Mr Prodi. During the plenary the Committee adopted its 'Declaration for Europe', which was presented to the Heads of State or Government in Berlin.

Finally, the Committee organised its fifth open day, from 8 to 12 October, in cooperation with the Commission, which put a great deal of effort into making this event a success.

Plenary sessions

At its five plenary sessions in 2007, the Committee adopted 35 opinions as a result of mandatory or optional consultations and three own-initiative opinions. It also issued five outlook opinions and drafted an opinion following a referral from the European Parliament.

The Committee's priorities

- to contribute to shaping the future of cohesion policy;
- to implement the Lisbon agenda;
- to complete enlargement;
- to prepare a new neighbourhood policy;
- to strengthen the local and regional dimension of the area of freedom, security and justice;
- to step up consultation with the European Commission on the practical methods of evaluating respect for the principles of subsidiarity and proportionality, as well as on the financial and administrative impact of Community legislation on territorial communities.

Key figures involved in the work

In the course of its work in 2007 the Committee welcomed:

- Mr Barrot (February plenary)
- Mr Barroso (March meeting in Rome)
- Mr Rehn (June plenary)
- Mr Piebalgs (June plenary)
- Ms Hübner (June plenary)
- Ms Grybauskaitė (October plenary)
- Mr Borg (October plenary)
- Mr Orban (October plenary)

- Mr Figel' (November plenary)
- Mr Verheugen (territorial dialogue — February)
- Ms Hübner (territorial dialogue — February)
- Mr Frattini (Commission for Economic and Social Policy — June)

The structured dialogue with the voluntary sector covered policies falling within the portfolios of the following Members of the Commission:

- Mr Špidla (September)
- Ms Wallström (presentation of the Commission's work programme — November)
- Ms Ferrero-Waldner (December)

Important events in the Committee of the Regions calendar

- conference-debate in the context of Plan D on Union values, entitled 'The European Union: Not only a free trade zone — A community of values', held in Munster (Germany) in May;
- conference on the role of regions and cities in managing migratory flows, held in October in Tenerife, co-organised with the Canary Islands government;
- seminar on European neighbourhood policy in the context of Black Sea synergy, held in December in Hungary;
- round table on cultural tourism in Brussels;
- conference on equal opportunities in Brussels in June; the Committee of the Regions contribution to the European Year of Equal Opportunities for All.

Cooperation with the Commission

In accordance with the cooperation protocol, Ms Wallström, Member of the Commission, sent the Committee a list of items from the Commission's work programme for 2007 on which it was hoped the Committee would make a contribution.

6.1.9. European Central Bank

The European Central Bank (ECB) continued to pursue a monetary policy aimed at maintaining price stability in the euro area. Over the period from January to December, its Governing Council raised key interest rates by 50 basis points, with the ECB's minimum bid rate in main refinancing operations reaching the level of 4.0 % in December. By ensuring price stability, monetary policy is contributing to the promotion of growth and employment in the euro area. Real GDP growth was sustained in 2007 while price pressures remained elevated. In conducting its monetary policy, the ECB continued to ensure transparency by explaining the economic and monetary assessment underlying policy decisions in regular press conferences given by its President, in its monthly bulletin and in other publications and speeches of Governing Council members. In addition, in line with the ECB's statutory

reporting obligations, the President appeared before the Committee on Economic and Monetary Affairs of the European Parliament and at a plenary session of the European Parliament. Since the volatility of the financial market in the summer, the ECB has followed developments very closely, in particular through intensified contacts with the central banks concerned. Moreover, the ECB's monetary policy implementation framework allowed it to continue to enforce its monetary policy while some of its features helped the banking sector to withstand the volatile situation on the market.

Following requests by the authorities of Cyprus and Malta, the ECB examined whether these non-euro-area Member States fulfilled the necessary conditions for adoption of the euro in a convergence report published on 16 May. Taking into account the May convergence reports by the ECB and the European Commission, and on a proposal from the Commission, the Council decided to abrogate the derogations of Cyprus and Malta on 10 July, allowing them to adopt the euro on 1 January 2008. The ECB, together with the Central Banks of Cyprus and Malta, undertook the necessary preparations for the entry of Cyprus and Malta into the euro area, including a joint communication campaign on the euro banknotes and coins.

Target, one of the world's largest payment systems, continued to contribute to the integration of the euro money market and to play an important part in the smooth implementation of the single monetary policy. On 1 November Target2, the next generation of the system, went live. The ECB also continued to explore the setting-up of a new service that would allow the harmonised settlement of securities transactions in euro in 'central bank' money (Target2-Securities) and decided to start work on CCBM2, the next generation of the integrated facility for the settlement of euro collateral transactions. The ECB continued to cooperate closely with the European Commission in the process leading to the realisation of the single euro payments area (SEPA) and to encourage the European banking industry and the other relevant stakeholders to create the conditions for the introduction of SEPA as of 2008 and its realisation by the end of 2010.

The ECB continued its work in the field of prudential supervision and financial stability, inter alia by monitoring and analysing the main developments in banking and finance, developing new areas of cooperation between central banks and other supervisory authorities, as well as contributing to the further development of the framework for financial regulation. In the field of crisis management, the ECB contributed actively to the reflections at Community level, under the aegis of the Economic and Financial Committee, to enhance the existing arrangements for the management and resolution of cross-border financial crises. In this context, in July the ECB organised a conference on simulating financial instability, which dealt with the topics of macro stress-testing and the organisation of financial crisis simulation exercises.

The ECB continued to monitor the progress of financial integration in the euro area and published the first issue of a new annual publication entitled 'Financial integration in Europe'. The main purpose of this report is to contribute to advancing European financial integration. In addition, the report aims to raise public awareness of the Eurosystem's role in supporting this European Union objective. The report contains the latest version of the set of financial integration indicators that are published every six months on the ECB website.

The ECB, assisted by the national central banks, continued to develop, collect, compile and disseminate a broad range of statistics which support the monetary policy of the euro area and various tasks of the European System of Central Banks. In 2007 a major milestone in the ECB's medium-term strategy for statistics was reached, with the first joint ECB-Eurostat

publication of a set of quarterly integrated non-financial accounts for the institutional sectors of the euro area. Moreover, the ECB continued to act as a catalyst of the short-term European paper initiative (STEP), a market-led project aimed at improving integration of the European secured money markets. In April the ECB started publishing daily STEP yield statistics and in July it also released daily euro-area yield curves for the first time on the Internet. Also in July the ECB adopted Regulation (EC) No 958/2007 concerning statistics on the assets and liabilities of investment funds (ECB/2007/8).

Following the successful introduction of euro banknotes in 2002, the ECB continued its work on planning the second series, to be issued gradually in a few years' time.

The ECB continued to take part in the activities of a number of European and international institutions and forums. The President of the Eurogroup and a Member of the European Commission participated in meetings of the Governing Council. The President and the Vice-President of the ECB also participated in meetings of the Eurogroup, which continued to serve as an important forum for an open and informal policy dialogue between the ECB, the finance ministers of the euro-area countries and the Commission.

The ECB continued to deliver opinions on legislative proposals by the Community and the Member States in its fields of competence. The ECB's activities are explained in detail in the reports it has drawn up under Articles 15.1 and 15.3 of the Statute of the European System of Central Banks and of the European Central Bank.

<T3>6.1.10. European Investment Bank

The mission of the EIB Group is to help achieve the European Union's general policy objectives by financing viable investments.

The strategic guidelines approved by the Board of Governors in 2005 aim to provide more value added in support of Union policies. This strategy has led to a set of objectives being drawn up in the Bank's corporate operational plan for 2008–10.

Six strategic priorities have been drawn up for the Member States: economic and social cohesion and convergence, support for innovation, development of the trans-European networks, protection and improvement of the environment, support for small and medium-sized enterprises and promotion of sustainable, competitive and secure energy.

The Bank is also active in the European Union's partner countries in accordance with the lending mandates renewed by the Council in December 2006.

In 2007 the Bank granted loans totalling EUR 47.8 billion. In the Member States and EFTA countries operations came to EUR 41.4 billion.

In the Union's partner countries operations came to EUR 6.4 billion, allocated as follows:

- EUR 2.9 billion in the pre-accession countries;
- EUR 230 million in the Union's eastern neighbouring countries;
- EUR 1.4 million under the Facility for Euro-Mediterranean Investment and Partnership;
- EUR 869 million in the ACP countries, OCTs and South Africa;

- EUR 925 million in Asia and Latin America.

The EIB's 2007 annual report will be published on its website after the meeting of the Board of Governors in June 2008.

<T3>6.1.11. Agencies

Regulatory agencies

Work continued in 2007 on the setting-up of two new regulatory agencies.

- The European Chemicals Agency: Regulation (EC) No 1907/2006 of 18 December 2006 concerning the registration, evaluation, authorisation and restriction of chemicals, establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Regulation (EEC) No 793/93 and Regulation (EC) No 1488/94 as well as Directive 76/769/EEC and Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC ⁽²⁴⁷⁾; the Agency is based in Helsinki (Finland).
- The European Institute for Gender Equality: Regulation (EC) No 1922/2006 of 20 December 2006 on establishing a European Institute for Gender Equality ⁽²⁴⁸⁾; the Agency is based in Vilnius (Lithuania).

Executive agencies

On 14 December the Commission set up the European Research Council Executive Agency and the Research Executive Agency. The Intelligent Energy Executive Agency, established in 2003, was given broader responsibilities in 2007 and was renamed the Executive Agency for Competitiveness and Innovation ⁽²⁴⁹⁾.

<T3>6.1.12. Legislative activity

Co-decision

In 2007 the Commission presented 100 proposals for adoption by the co-decision procedure. The European Parliament and the Council for their part signed — or reached a consensus on them prior to signing — 120 legislative acts, for most of which the procedure was in progress before 1 January.

A large number of proposals (72) were approved at first reading. Although the list of proposals concluded without the need for a second reading mainly includes technical proposals and consolidated texts, it also includes a number of subjects of wide public interest such as international roaming services on public mobile telephone networks, the definition, description, presentation and labelling of spirit drinks, the visa information system and the exchange of information between Member States on short-stay visas, inland transport of dangerous goods, the European qualifications framework for lifelong learning, and control of the acquisition and possession of firearms.

⁽²⁴⁷⁾ OJ L 396, 30.12.2006.

⁽²⁴⁸⁾ OJ L 403, 30.12.2006.

⁽²⁴⁹⁾ Decision 2004/20/EC (OJ L 5, 9.1.2004), as amended by Decision 2007/372/EC (OJ L 140, 1.6.2007).

Interinstitutional cooperation was again boosted this year with the conclusion of the negotiations on a package of 26 basic instruments which had to be brought into line as a matter of urgency with the decision of 17 July 2006 (laying down the procedures for the exercise of implementing powers conferred on the Commission) in order to incorporate the new regulatory procedure with scrutiny. These instruments were included on the agendas of the Parliament's plenary sessions of July and November (agreements at first reading).

Seventeen legislative proposals were adopted at second reading. This testifies once again to the political will of the two branches of the legislature to reach agreement on important and sensitive dossiers without going through the conciliation procedure. These included proposals for a programme of Community action in the field of health and consumer protection (2007–13), the regulation on public passenger transport services by rail and by road, the specific programme on drugs prevention and information, and the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities ('television without frontiers').

Significant progress was made in the case of a number of proposals and it should soon be possible to bring them to a successful conclusion; they include the European Institute of Innovation and Technology, the implementation of the deployment and commercial operating phases of the European satellite radionavigation programme (Galileo) and the completion of the internal market of Community postal services. Conversely, very little progress was made on the organisation of working time, agency workers and portability of supplementary pension rights.

The conciliation procedure was used in the case of five proposals: the three railway packages, the law applicable to non-contractual obligations (Rome II), and the financial instrument for the environment. One conciliation procedure is still in progress, on establishing common rules in the field of civil aviation security, but there is a good chance that it will be successfully concluded before the final deadline of 16 January 2008.

At a more general level, by adopting on 13 June a new revised version of the joint declaration on practical arrangements for the co-decision procedure⁽²⁵⁰⁾, the three institutions strengthened their cooperation with a view to the smooth operation of the co-decision procedure to take account in particular of the increasing importance of agreements at first reading.

'Comitology'

The Commission adopted a number of initiatives during the year designed to implement the reform of the 'comitology' decision⁽²⁵¹⁾ laying down the procedures for the exercise of implementing powers conferred on the Commission. Having tabled proposals at the end of 2006 with the aim of bringing, as a matter of priority, 26 basic instruments into line with the reform of committee procedures, the Commission moved on to a systematic examination of all the basic instruments in force involving the co-decision procedure with a view to possible adaptation. This 'general alignment' exercise culminated in a communication from the Commission to the European Parliament and the Council, adopted on 23 November, and the subsequent adoption of a number of proposals for regulations, known as 'omnibus' proposals, allowing almost 200 instruments to be adapted to the new committee procedure. (The first

⁽²⁵⁰⁾ OJ C 145, 30.6.2007.

⁽²⁵¹⁾ Decision 2006/512/EC (OJ L 200, 22.7.2006).

proposal was adopted on 23 November, the second and third on 19 December, and the last one will be adopted early in 2008.)

The Commission also entered into negotiations with the European Parliament with a view to revising the 2000 bilateral agreement on the detailed rules for implementing Decision 1999/468/EC ⁽²⁵²⁾. The negotiations were concluded at political level in November. The revised agreement should be formally adopted by the two institutions early in 2008.

Statistical data

The legislative acts adopted, repealed or expiring in 2007 can be found by conducting a search in the updated EUR-Lex ⁽²⁵³⁾ database.

General references and other useful links

<LIENS6></LIENS6>

</DOC>

<T4>Chapter VII

<T1>Budget and financial activities

<T3>7.1.1. Implementation of the 2007 budget

The 2007 budget, the first covered by the 2007–13 financial framework and the first intended for a European Union enlarged to 27 Member States, was adopted by the European Parliament on 14 December 2006.

Seven amending budgets were adopted in the course of the year. A breakdown of the appropriations, taking account of the amending budgets, is included in the annex (colour pages) to this Report.

The commitment appropriations amounted to EUR 126.8 billion and the payment appropriations to EUR 114.2 billion, corresponding to 0.93 % of the gross national income (GNI) of the 27 Member States.

<T3>7.1.2. Preparation of the 2008 budget

The preparation of the budget for the 2008 financial year took the form of:

- a preliminary draft approved by the Commission on 2 May;
- a draft established by the Council on 13 July;
- a first reading by the European Parliament on 25 October;
- a second reading by the Council on 23 November.

⁽²⁵²⁾ Decision 1999/468/EC (OJ L 184, 17.7.1999).
⁽²⁵³⁾ <HYP><http://eur-lex.europa.eu/en/index.htm></HYP>.

Parliament finally adopted the budget at second reading on 13 December. It was signed by the President of Parliament on 18 December.

<T3>7.1.3. Budget review

In May 2006 the European Parliament, the Council and the Commission agreed that the Commission should undertake a fundamental review of the European Union budget ⁽²⁵⁴⁾. The review provides a unique opportunity for a thorough assessment of the budget and its financing, free from the constraints of negotiating a financial framework.

On 12 September, as a first step in this reform process, the Commission adopted a communication launching a broad consultation with interested parties at local, regional and national levels, as well as at the European level, to stimulate an open debate on the future challenges facing the Union and the means of directing European Union expenditure to areas likely to produce the greatest benefit ⁽²⁵⁵⁾. On the basis of this consultation the Commission will present a proposal on the budget review for 2008–09.

<T3>7.1.4. Financial regulation

The detailed rules ⁽²⁵⁶⁾ for the implementation of Regulation (EC, Euratom) No 1605/2002 on the financial regulation applicable to the general budget of the European Communities ⁽²⁵⁷⁾ were last amended by Regulation (EC, Euratom) No 478/2007 of 23 April ⁽²⁵⁸⁾. These new provisions introduce a number of simplifications as regards grants and contract award procedures, boost transparency and improve controls with a view to using Community funds more effectively between 2007 and 2013. These amendments to the implementing rules entered into force on 1 May, the same day as the amendments to the financial regulation.

On 25 April, with the same purpose in mind, the Commission presented a proposal for a regulation ⁽²⁵⁹⁾ amending Regulation (EC) No 1653/2004 ⁽²⁶⁰⁾ on a standard financial regulation for the executive agencies pursuant to Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

On 20 July the Commission presented a proposal for a regulation ⁽²⁶¹⁾ amending Regulation (EC, Euratom) No 2343/2002 on the framework financial regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002 on the financial regulation applicable to the general budget of the European Communities.

On 7 May the Council endorsed an agreement concluded with the European Parliament and the Commission at a meeting of the budgetary trilogue on 18 April under which the Commission is to submit a report covering all the Community agencies every year with the preliminary draft general budget. A working paper containing all the information on the

⁽²⁵⁴⁾ Declaration 3 attached to the interinstitutional agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (OJ C 139, 14.6.2006).

⁽²⁵⁵⁾ SEC(2007) 1188.

⁽²⁵⁶⁾ Regulation (EC, Euratom) No 2342/2002 (OJ L 357, 31.12.2002).

⁽²⁵⁷⁾ As last amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006).

⁽²⁵⁸⁾ OJ L 111, 28.4.2007.

⁽²⁵⁹⁾ SEC(2007) 492.

⁽²⁶⁰⁾ OJ L 297, 22.9.2004.

⁽²⁶¹⁾ SEC(2007) 1013.

bodies set up by the European Communities and having legal personality was attached to the preliminary draft general budget for 2008.

On 21 June the Commission adopted a progress report as at 31 March on the modernisation of its accounting system ⁽²⁶²⁾.

<T3>7.1.5. Own resources

On 9 January the Commission presented its fifth three-yearly report on the operation of the inspection arrangements for traditional own resources (customs and accounting procedures) for the period 2003–05 ⁽²⁶³⁾. The report confirms that inspection activities must continue in the Member States.

In a resolution adopted on 29 March on the future of the European Union's own resources, the European Parliament criticised the shortcomings of the current system, under which these resources depend on Member States' contributions. To remedy this, it is proposing a two-stage reform: in the first phase, the method for calculating these contributions would be considerably simplified, the only criterion would be gross national income and the same percentage would be required of all Member States; in the second phase, starting in 2014, new own resources would be introduced and would gradually replace national contributions.

In a decision adopted on 7 June ⁽²⁶⁴⁾ the Council followed up the conclusions of the European Council meeting in December 2005 providing for adjustments to the system of own resources during the period covered by the 2007–13 financial perspective. The main purpose of these adjustments is to reduce the contributions from Germany, the Netherlands, Austria and Sweden over that period as well as the United Kingdom correction. The correction will continue to apply, but has been reduced so that the UK participates fully in the financing of expenditure from the European Union budget (except for agricultural Guarantee Section payments) allocated to the Member States which acceded to the Union after 30 April 2004. This decision should enter into force at the beginning of 2009.

<T3>7.1.6. General budget guarantee for borrowing and lending operations

In a regulation adopted on 30 January ⁽²⁶⁵⁾ the Council amended the rules governing the method for provisioning the European Union's Guarantee Fund for external actions set up in 1994 to shield the Union budget against shocks due to defaults by third-country debtors. Provisioning now occurs *ex post* — and no longer *ex ante* — and is linked to the outstanding amount of loans granted and guaranteed.

<T3>7.1.7. Audit and internal control

On 7 March the Commission presented its first progress report ⁽²⁶⁶⁾ on its action plan towards an integrated internal control framework introduced in 2006 ⁽²⁶⁷⁾. The report emphasises the significant improvements which have been made and which are still ongoing in connection with the overall control strategies in the key sectors of internal policies and the Structural

⁽²⁶²⁾ COM(2007) 343 (OJ C 246, 20.10.2007).

⁽²⁶³⁾ COM(2006) 874 (OJ C 126, 7.6.2007).

⁽²⁶⁴⁾ Decision 2007/436/EC, Euratom (OJ L 163, 23.6.2007).

⁽²⁶⁵⁾ Regulation (EC, Euratom) No 89/2007 (OJ L 22, 31.1.2007).

⁽²⁶⁶⁾ COM(2007) 86 (OJ C 181, 3.8.2007).

⁽²⁶⁷⁾ COM(2006) 9 (OJ C 67, 18.3.2006).

Funds. On 30 May the Commission adopted its annual report to the discharge authority on internal audits carried out in 2006 ⁽²⁶⁸⁾.

General references and other useful links

<LIENS7></LIENS7>

</DOC>

<T1>Institutions and other bodies

European Parliament

Secretariat

Centre européen, plateau du Kirchberg — BP 1601

L-2929 Luxembourg

Tel. (352) 43 00-1

Council of the European Union

General Secretariat

Rue de la Loi 175

B-1048 Brussels

Tel. (32-2) 285 61 11

European Commission

Rue de la Loi 200

B-1049 Brussels

Tel. (32-2) 299 11 11

Court of Justice, Court of First Instance and Civil Service Tribunal

Boulevard Konrad Adenauer

L-2925 Luxembourg

Tel. (352) 43 03-1

European Court of Auditors

12, rue Alcide De Gasperi

⁽²⁶⁸⁾ COM(2007) 280 (OJ C 191, 17.8.2007).

L-1615 Luxembourg

Tel. (352) 43 98-1

European Economic and Social Committee

Rue Belliard 99

B-1040 Brussels

Tel. (32-2) 546 90 11

Committee of the Regions

Rue Belliard 101

B-1040 Brussels

Tel. (32-2) 282 22 11

European Investment Bank

100, boulevard Konrad Adenauer

L-2950 Luxembourg

Tel. (352) 43 79-1

European Central Bank

Kaiserstraße 29

D-60311 Frankfurt am Main

Tel. (49-69) 13 44-0

European Ombudsman

1, avenue du Président-Robert-Schuman

BP 403 FR

F-67001 Strasbourg Cedex

Tel. (33) 388 17 23 13

European Data Protection Supervisor

Rue Wiertz 60

B-1047 Brussels

Tel. (32-2) 283 19 00

</DOC>

<T1>Decentralised bodies of the European Union

<HYP><http://publications.europa.eu/code/en/en-390500.htm></HYP>

- Decentralised Community agencies (first pillar)
- Community Fisheries Control Agency (CFCA)
- Community Plant Variety Office (CPVO)
- European Agency for Reconstruction (EAR)
- European Agency for Safety and Health at Work (EU-OSHA)
- European Agency for the Management of Operational Cooperation at the External Borders (Frontex)
- European Aviation Safety Agency (EASA)
- European Centre for Disease Prevention and Control (ECDC)
- European Centre for the Development of Vocational Training (Cedefop)
- European Chemicals Agency (ECHA)
- European Environment Agency (EEA)
- European Food Safety Authority (EFSA)
- European Foundation for the Improvement of Living and Working Conditions (Eurofound)
- European GNSS Supervisory Authority
- European Institute for Gender Equality
- European Maritime Safety Agency (EMSA)
- European Medicines Agency (EMA)
- European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)
- European Network and Information Security Agency (ENISA)
- European Railway Agency (ERA)
- European Training Foundation (ETF)
- European Union Agency for Fundamental Rights (FRA)
- Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)
- Translation Centre for the Bodies of the European Union (CdT)

- Proposed Community agencies (first pillar)
 - European Agency for the Cooperation of Energy Regulators
 - European Electronic Communications Market Authority ⁽²⁶⁹⁾
- European Union agencies (second and third pillars)
 - Eurojust (European Agency for the Enhancement of Judicial Cooperation)
 - European Defence Agency (EDA)
 - European Police College (CEPOL)
 - European Police Office (Europol)
 - European Union Institute for Security Studies (EUISS)
 - European Union Satellite Centre (EUSC)
- Executive agencies
 - Education, Audiovisual and Culture Executive Agency
 - European Research Council Executive Agency
 - Executive Agency for Competitiveness and Innovation
 - Executive Agency for the Public Health Programme
 - Research Executive Agency
 - Trans-European Transport Network Executive Agency
- Joint undertakings
 - European Joint Undertaking for ITER (fusion energy)
 - SESAR Joint Undertaking (air traffic management)
- Proposed joint undertakings
 - Artemis Joint Undertaking (embedded computing systems)
 - ENIAC Joint Undertaking (nanoelectronics)
 - FCH Joint Undertaking (fuel cells and hydrogen)
 - IMI Joint Undertaking (innovative medicines)
- Other proposed decentralised bodies (first pillar)

⁽²⁶⁹⁾ This new Authority should also take over the tasks of the European Network and Information Security Agency (ENISA).

– European Institute of Innovation and Technology

</DOC>

</GRP>