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#### **DECLASSIFICATION**

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Delegations will find attached the declassified version of the above document.

The text of this document is identical to the previous version.

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# COUNCIL OF THE EUROPEAN UNION

Brussels, 20 July 2009

11983/09

RESTREINT UE

COASI 122 ASIE 64 PVD 28

### "I/A" ITEM NOTE

From:	The General Secretariat of the Council
To:	Coreper/Council
Subject:	Draft decision of the Council authorising the Commission to open negotiations
	for a Framework Agreement on Partnership and Cooperation with Mongolia

- 1. On 10 July 2008, the Commission submitted to the Council the Recommendation to authorise the Commission to open negotiations for a Partnership and Cooperation with Mongolia (doc. 12293/08 RESTREINT UE).
- 2. The Asia-Oceania Working Party examined this recommendation on 11 and 18 February, 11 March, 27 May, 3 and 10 June and 15 July 2009, and on 16 July 2009 it agreed by silence procedure to the negotiating directives in Annex I.
- 3. Coreper is invited to recommend to the Council to adopt the attached draft decision authorising the Commission to open negotiations for a Framework Agreement on Partnership and Cooperation with Mongolia, as well as the associated negotiating directives (Annex I).

## ANNEX I

#### **DECISION**

## The Council:

- authorizes the Commission to negotiate a Framework Agreement on Partnership and
  Cooperation with Mongolia to replace the existing Trade and Cooperation Agreement;
- appoints the Asia-Oceania Working Party as the special Committee to assist it in this task;
  and
- issues the appended negotiating directives.



DG E V

#### **ANNEX**

# NEGOTIATING DIRECTIVES FOR A FRAMEWORK AGREEMENT ON PARTNERSHIP AND COOPERATION WITH MONGOLIA

#### NATURE AND SCOPE OF THE AGREEMENT

The objective of the negotiations is to conclude a Partnership and Cooperation Agreement (PCA) between the EC and its Member States, on the one hand and Mongolia, on the other which should replace and expand on the existing Trade and Cooperation Agreement, which was signed in Luxembourg on 16 June 1992. This new Agreement will provide a framework for encompassing the full scope of the bilateral relationship with Mongolia and strengthen cooperation and trade relations between the parties.

The Commission will be responsible for the conduct of the negotiations, keeping in mind the objective of concluding an early agreement.

As regards negotiations on issues falling under Title V (CFSP) and Title VI (Police and judicial cooperation in criminal matters), negotiations will be conducted with the Presidency, assisted by the SG/HR.

The Commission shall conduct the negotiations in consultation with the Asia-Oceania Working Party, and where applicable, the 133 Committee, as a special committee appointed by the Council to assist the Commission in this task, and within the framework of these directives.

The Commission shall report regularly to the special committee on the progress of the negotiations. On matters falling within their competence, Member States may attend the negotiating sessions. Negotiations will take place on the basis of positions coordinated in advance through the Asia-Oceania Working Party.

#### **PREAMBLE**

- (1) The Preamble could refer, *inter alia*, to the following underlying principles and key objectives of the Partnership and Cooperation Agreement:
  - the traditional links of friendship between the Parties and the values that they share,
    and the close historical, political and economic ties which unite them;
  - the commitment of the Parties to, and their wish to strengthen, respect for democratic principles, the rule of law, human rights and fundamental freedoms, including the rights of persons belonging to minorities;
  - their attachment to the principles of good governance and the fight against corruption;
  - their desire to enhance cooperation between the Parties, based on these shared values:
  - the commitment of the Parties to full implementation of all the principles and provisions of the UN Charter and the UN Universal Declaration on Human Rights;

- their desire to promote economic and social progress for their peoples, taking into account the principle of sustainable development in all its dimensions;
- the commitment of the Parties both to promoting international peace and security and to engaging in effective multilateralism and the peaceful settlement of disputes, notably by cooperating to that end within the framework of the United Nations;
- the commitment of the Parties to combating organised crime and to stepping up cooperation in the fight against terrorism;
- the commitment of the Parties to environmental protection, food security and the principles of sustainable development;
- the commitment to strengthening the existing relationship between the Parties with a view to enhancing cooperation between them, and their common will to consolidate, deepen and diversify their relations in areas of interest on the basis of equality, non-discrimination and mutual benefit;
- the commitment of the Parties to enhance trade relations and relations in the WTO.
- The position of the UK, Ireland and Denmark in relation to Title IV of the Treaty establishing the European Community shall be taken into account.

## TITLE 1: NATURE AND SCOPE

#### (2) General principles

Respect for democratic principles, human rights and fundamental freedoms, as set out in the United Nations Universal Declaration of Human Rights and in the core international human rights instruments and their optional protocols, together with the rule of law shall constitute an essential element of the Agreement.

The Agreement should reaffirm the international obligations of the Parties, notably under the UN and the WTO. The Agreement should provide for commitments on good governance and the fight against corruption.

The Agreement should recognise that equitable and sustainable development is an overarching objective of the Parties and should aim at furthering their economic development together with a high level of environmental protection and social cohesion.

#### (3) Aims of cooperation

The Agreement should aim to promote poverty eradication in the context of sustainable development and the progressive integration of Mongolia into the world economy. The relationship between poverty/social cohesion, food security and the environmental impact of economic activities shall be considered as key factors.

The Agreement should aim to establish cooperation in sectors of mutual interest.

The Agreement should confirm the commitment of the Parties to achieving the Millennium Development Goals and should reaffirm their commitment to the Paris Declaration of 2005 on Aid Effectiveness.

The Agreement should aim to raise the role and profile of both Parties in each other's regions and to promote people-to-people understanding by encouraging cooperation of various non-governmental entities, such as think-tanks, academics, civil society, and the media.

#### (4) Non-proliferation of WMD

The Agreement should include a provision on countering the proliferation of weapons of mass destruction consistent with the standard approach as laid down in the relevant Council decision.

(5) Small arms and light weapons

The Agreement should include a provision on countering the illicit manufacture, transfer and circulation of small arms and light weapons based on the standard approach.

(6) Serious crimes of international concern (the International Criminal Court)

The Agreement should include a provision highlighting the Parties' commitment to the International Criminal Court and to its main objectives, consistent with the standard approach.

(7) Combating terrorism

The Agreement should include a provision on the basis of the standard approach in this area.

# TITLE 2: COOPERATION IN REGIONAL AND INTERNATIONAL ORGANISATIONS

(8) The Agreement should include a provision calling for the Parties to exchange views and cooperate within the framework of relevant regional and international fora and organisations.

#### TITLE 3: SUSTAINABLE DEVELOPMENT

This section should set out the principles governing cooperation between the Parties in the area of sustainable development. It should make the necessary cross-references to cooperation areas under Title 6 "Other areas of cooperation", most of which should also be guided by sustainability principles. Moreover, the considerable demand for knowledge, particularly scientifically validated knowledge, to make lasting progress on the substance of this Title, should be acknowledged.

The Agreement should aim to promote sustainable development by addressing the following non-exhaustive list of specific issues:

## (9) General principles

The Agreement should aim to identify sustainable development as a vital component of the bilateral relationship, including its economic, social and environmental aspects.

## (10) Economic development

The Agreement should aim to promote balanced economic growth, poverty reduction and the reduction of social-economic disparities.

The Agreement should confirm the commitment of the Parties to achieving the Millennium Development Goals and should reaffirm their commitment to the Paris Declaration of 2005 on Aid Effectiveness.

The Agreement should also aim to include commitments on social and environmental aspects of trade, reconfirming that trade should promote sustainable development in all its dimensions and it should promote the assessment of its economic, social and environmental impacts.

# (11) Social development

The Agreement should aim to underscore the need for mutually-reinforcing economic, social and environmental policies, highlight the key role of generating decent work and commit the Parties to supporting social dialogue.

The Agreement should also aim to contribute to the effective implementation of ILO core labour standards, and to reinforce cooperation on employment and social issues.

The Agreement should furthermore aim to promote policies intended to guarantee availability and supplies of food for the population and of feed for the livestock, in an environmentally friendly and sustainable manner.

#### (12) Environment

The Agreement should aim to include provisions ensuring a high level of environmental protection and the conservation and management of natural resources and biological diversity, including forests, in pursuit of sustainable development.

The Agreement should aim to promote the ratification, implementation of and compliance with multilateral environmental agreements in the environmental area.

The Agreement should aim to reinforce cooperation on global environmental issues, including climate change.

#### TITLE 4: TRADE AND INVESTMENT ISSUES

This section should set out the principles governing cooperation between the Parties in the areas of trade and investment. The negotiations will be conducted and concluded with due regard to commitments under WTO.

The Agreement should aim to further develop and expand trade and economic cooperation by addressing the following non-exhaustive list of specific issues:

## (13) General principles

The Agreement should aim to engage the Parties in a bilateral dialogue on multilateral trade and trade-related issues with a view to strengthening and advancing the multilateral trade system.

The Agreement should aim to promote the development and diversification of the Parties' reciprocal economic and trade exchanges to the highest possible level.

The Agreement should aim to reinforce cooperation in the field of trade in and access to raw materials

The Agreement should aim to achieve improved market access conditions by working towards the elimination of barriers to trade, in particular through the timely removal of non-tariff barriers, by taking measures to improve transparency and by having regard to the work carried out by the international organisations in this field.

#### (14) Sanitary and phytosanitary (SPS) issues

The Agreement should aim to promote the use and respect of international standards, guidelines and recommendations, and the exchange of information in particular on legislation, certification, homologation and inspection procedures, especially within the framework of the WTO Agreement on Sanitary and Phytosanitary matters (SPS), the CODEX Alimentarius, the OIE Code and the IPPC.

#### (15) Technical barriers to trade (TBT) issues

The Agreement should aim to promote the use of internationally recognised standards, conformity assessment procedures and technical regulations, especially within the framework of the WTO Agreement on Technical Barriers to Trade (TBT).

#### (16) Intellectual property rights

The Agreement should aim to improve the protection of intellectual property rights, including geographical indications, and undertake to establish the appropriate measures with a view to ensuring adequate and effective protection and enforcement of such rights, notably relating to piracy and counterfeiting, in accordance with the highest international standards and agreements, including effective means of enforcement.

#### (17) Competition

The Agreement should aim to provide for the promotion of effective establishment of competition rules and rules on subsidies where these are not in place and should provide for the promotion of effective application of these rules and the exchange of views on issues related to anti-competitive practices which could adversely affect bilateral trade and investment flows.

#### (18) Establishment and trade in services

The Agreement should aim to set a framework for the exercise of the right of establishment and for the cross-border supply of services.

The Agreement should recognise that the Parties shall not encourage foreign direct investment by lowering internationally agreed or domestic environmental or social standards, notably core labour standards, or by relaxing or waiving related laws, regulations and practices.

#### (19) Capital movements

Provisions should be included providing for possible consultations with a view to facilitating the movement of capital in order to promote the objectives of the Agreement.

#### (20) Management of administrative errors

Provisions should also be included to examine jointly the possibility of adopting appropriate measures in case of errors committed by the competent authorities in the application of the preferential rules of origin, where such errors would lead to consequences in terms of import duties.

#### (21) Trade and investments

Provisions should be included in order to set procedural rules, including adequate transparency and challenge provisions, that support the setting up of an effective procurement system promoting optimal value for money in public purchasing and facilitate international trade. To the extent appropriate, these provisions should be consistent with the Government Procurement Agreement. Provisions should also aim at achieving mutual gradual market access taking into account the level of development of Mongolia.

#### TITLE 5: JUSTICE, FREEDOM AND SECURITY

This section should set out the principles governing cooperation between the Parties in the areas of justice, freedom and security. The Agreement should aim to enhance cooperation in this area by addressing the following list of issues:

#### (22) Rule of law

The Agreement should aim to confirm the Parties' strong commitment to the principles of the rule of law, the independence of the judiciary, access to justice, and the right to a fair trial.

#### (23) Protection of personal data

The Agreement should aim to improve the protection of personal data in accordance with the highest international standards.

#### (24) Migration

The Agreement should include a provision consistent with the standard approach.

## (25) Illicit drugs

The Agreement should aim to include measures to fight illicit drugs, reduce the supply of trafficking in and demand for illicit drugs, introduce effective control of precursors and cope with the consequences of drug abuse.

## (26) Organised crime and corruption

The Agreement should include a provision on cooperation aimed at implementing and promoting relevant international standards and instruments in this field.

## (27) Money laundering and terrorism financing

The Agreement should aim to include measures to combat money laundering and terrorism financing.

#### (28) Counter-terrorism

The Agreement should include a provision consistent with the standard approach.

## TITLE 6: OTHER AREAS OF COOPERATION

This section should set out the principles governing other areas of cooperation between the Parties. The necessary cross-reference to sustainability principles should be made for these specific areas. Moreover, particularly Education and culture, Scientific and technological cooperation, Information society, and Audiovisual and media have both specific and cross-cutting dimensions. As they address complementary aspects of the growing demand for knowledge across all policy areas, this is also of importance to other more sectoral cooperation areas.

The Agreement should aim to promote cooperation by addressing the following list of specific issues:

#### (29) Agriculture and rural development

Provisions should be included covering cooperation between both sides in the field of agriculture and rural development. This should cover mutual understanding by means of exchange of information on agricultural policies, international agrarian outlook, rural development activities, quality policies (other than food safety), such as geographical indications and organic production, animal welfare, market development and promotion of international relations, as well as other issues dealt with by international organisations.

## (30) Sustainable economic diversification and industrial development

A provision should be included covering cooperation and promotion of mutual understanding between both sides in the field of economic diversification and industrial development.

#### (31) Cooperation on modernizing public administration

A provision should be included covering cooperation with a view to improving organisational efficiency, increasing institutions' effectiveness in service delivery, ensuring transparent management of public resources and accountability, improving the legal and institutional framework, building capacities for policy design and implementation, reinforcing the judiciary systems and reforming the security system.

#### (32) Cooperation on financial sector

A provision should be included covering cooperation in the financial sector. This should cover an exchange of information with a view to strengthening the financial system, including on appropriate regulation and supervision of all important financial institutions, markets and instruments. The provision should also cover cooperation with a view to improving specific parts of the financial sector such as accounting, auditing, banking and insurance.

## (33) Cooperation on Customs

The Agreement should aim to promote the use of internationally recognised procedures for imports and exports ensuring the transparency of customs and trade regulations and a balanced approach between trade facilitation and the fight against fraud and irregularities.

A provision should be included on increasing the security and safety dimension of international trade, while ensuring an effective and efficient customs enforcement of intellectual property rights.

#### (34) Raw materials

A provision should be included covering cooperation and promotion of mutual understanding between both sides in the field of raw materials. This should cover an exchange of information on, *inter alia*, mining policy; the regulatory framework for the raw materials sectors, including governance of mining income for socio-economic development; and environmental protection and safety regulations in relation to the mining and raw materials sectors.

#### (35) Energy

A provision should be included covering cooperation and promotion of mutual understanding between both sides in the field of energy. This should cover an exchange of information on, *inter alia*, improving security of supply, energy efficiency, and cooperation to combat climate change.

## (36) Transport

A provision should be included covering matters such as a dialogue in the field of air transport services following the implementation of the horizontal air services agreement; the possibility of further developing relations in the field of air transport; and the implementation of security, safety and pollution prevention standards, notably as regards aviation and rail transport, in line with relevant international conventions, including cooperation in the appropriate international fora aiming to ensure better enforcement of international regulations.

#### (37) Health

A provision should be included calling on the Parties to cooperate on and share experience in the health sector.

### (38) Civil society

A provision should be included recognising the role and potential contribution of civil society in the dialogue and cooperation process under the Agreement, and committing the Parties to promoting effective dialogue with civil society and its effective participation.

## (39) Human rights

A provision should be included covering cooperation and promotion of human rights. This could cover, *inter alia*, capacity building on implementing human rights instruments, human rights education, promoting dialogue and exchanges and strengthening cooperation within the human-rights related institutions of the United Nations.

## (40) Regional policy

A provision should be included calling on the Parties to cooperate on and share experiences on regional development policy.

#### (41) Good governance in the tax area

A provision should be included based on the standard approach in this area.

#### (42) Information society

A provision should be included calling for exchange of views on the various aspects of policies in the field of the Information Society.

#### (43) Audiovisual and media

A provision should be included encouraging exchanges, cooperation and dialogue between relevant institutions in the areas of audiovisual and media.

#### (44) Education and culture

A provision should be included calling on the Parties to promote education and cultural cooperation that duly respects their diversity, in order to increase mutual understanding and the knowledge of their respective cultures.

## (45) Scientific and technological cooperation

A provision should be included calling on the Parties to promote scientific and technological cooperation. The need for increasing capacity in Science & Technology should also be included in other cooperation areas, including Title 3.

#### (46) Tourism

A provision should be included calling for efforts to improve the exchange of information and best practice in order to ensure balanced and sustainable development of tourism and for cooperation on other related issues.

### (47) Statistics

A provision should be included whereby the Parties agree to promote the harmonisation of statistical methods and practice, including the gathering and dissemination of statistics.

#### TITLE 7: INSTITUTIONAL FRAMEWORK

#### (48) Joint Committee

The Agreement should set out the necessary institutional arrangements for the application of the Agreement, namely the establishment of a Joint Committee which should be similar in format to the Joint Committee established under the 1993 Trade and Cooperation Agreement.

#### TITLE 8: GENERAL AND FINAL PROVISIONS

(49) Means of cooperation and protection of financial interests

A provision should be included calling on the Parties to make available the appropriate resources, including financial means, insofar as their respective resources and regulations allow, in order to fulfil the cooperation objectives set out in this agreement.

(50) General and final provisions should refer to issues such as guaranteeing non-discrimination in the application of measures taken under this Agreement; setting out the duration of the Agreement, with the possibility of termination after notification; equal authenticity of all languages; the possibility to, by mutual consent, revise this Agreement; dispute settlement in the event of divergence in the application or interpretation of this Agreement; providing for the possibility of suspension, with immediate effect, in the event of violation of one of the essential elements of the Agreement; and granting of necessary facilities to duly authorised experts and officials involved in implementing cooperation under this Agreement.