

14500/03 (Presse 321)

2541st Council meeting

**- EXTERNAL RELATIONS\* -**

Brussels, 17 November 2003

President : **Mr Franco FRATTINI**, Minister for Foreign  
Affairs of the Italian Republic

\* The 2540th meeting on General Affairs is the subject of a separate press release  
(14486/03 *Presse 319*)

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**CONTENTS**<sup>1</sup>

<b>PARTICIPANTS</b> .....	4
<b>ITEMS DEBATED</b>	
EUROPEAN SECURITY AND DEFENCE POLICY.....	7
– COUNCIL CONCLUSIONS ON ESDP, INCLUDING THE AGENCY IN THE FIELD OF DEFENCE CAPABILITIES DEVELOPMENT, RESEARCH, ACQUISITION AND ARMAMENTS .....	7
– REPORT ON THE AGENCY IN THE FIELD OF DEFENCE CAPABILITIES DEVELOPMENT, RESEARCH, ACQUISITION AND ARMAMENTS.....	11
IRAQ - Council Conclusions .....	18
WESTERN BALKANS -Council Conclusions .....	19
FOLLOW-UP TO THE EU-RUSSIA SUMMIT .....	20
MIDDLE EAST .....	20
IRAN.....	20
WEAPONS OF MASS DESTRUCTION - Council Conclusions.....	21
EU-AFRICA RELATIONS .....	22
– COUNCIL CONCLUSIONS .....	22
– GUINEA-BISSAU .....	23
– GREAT LAKES REGION.....	23
CREATION OF A PEACE FACILITY FOR AFRICA .....	23
– COUNCIL AND COMMISSION STATEMENT ON A PEACE FACILITY FOR AFRICA.....	24
DEVELOPMENT POLICY AND EXTERNAL ASSISTANCE - Council Conclusions.....	25
GOVERNANCE AND DEVELOPMENT - Council Conclusions .....	28
COTTON PRODUCTION IN AFRICA.....	31

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<sup>1</sup>

- *Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.*
- *The documents whose references are given in the text are available on the Council's Internet site <http://ue.eu.int>.*
- *Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the above mentioned Council Internet site or may be obtained from the Press Office.*

OTHER BUSINESS ..... 32

– AFGHANISTAN - Council Conclusions ..... 32

– OSCE ..... 33

## **PARTICIPANTS**

The Governments of the Member States and the European Commission were represented as follows:

### **Belgium :**

Mr Louis MICHEL Deputy Prime Minister and Minister for Foreign Affairs  
 Mr André FLAHAUT Minister for Defence  
 Mr Marc VERWILGHEN Minister for Development Cooperation

### **Denmark :**

Mr Per Stig MØLLER Minister for Foreign Affairs  
 Mr Svend Aage JENSBY Minister for Defence  
 Mr Carsten STAUR State Secretary for Development, Ministry of Foreign Affairs

### **Germany :**

Mr Erich STATHER State Secretary, Federal Ministry of Economic Cooperation and Development  
 Mr Klaus SCHARIOTH State Secretary, Ministry of Foreign Affairs  
 Mr Peter EICKENBOOM State Secretary, Federal Ministry of Defence

### **Greece :**

Mr Giorgios PAPANDEOU Minister for Foreign Affairs  
 Mr Giannos PAPANTONIOU Minister for Defence  
 Mr Anastasios GIANNITSIS Deputy Minister for Foreign Affairs  
 Mr Andreas LOVERDOS State Secretary for Foreign Affairs (Development Assistance and International Financial Transactions)

### **Spain :**

Ms Ana PALACIO Minister for Foreign Affairs  
 Mr Federico TRILLO-FIGUEROA Minister for Defence  
 Mr Ramón DE MIGUEL Y EGEA State Secretary for European Affairs  
 Mr Rafael RODRÍGUEZ-PONGA Secretary-General of the Spanish International Cooperation Agency

### **France :**

Mr Dominique de VILLEPIN Minister for Foreign Affairs  
 Ms Michèle ALLIOT-MARIE Minister for Defence  
 Mr Pierre-André WILTZER Minister attached to the Minister for Foreign Affairs, with responsibility for Cooperation and the French-speaking World  
 Ms Noëlle LENOIR Minister attached to the Minister for Foreign Affairs, with responsibility for European Affairs

### **Ireland :**

Mr Brian COWEN Minister for Foreign Affairs  
 Mr Michael SMITH Minister for Defence  
 Mr Tom KITT Minister of State at the Department of Foreign Affairs (with special responsibility for Overseas Development and Human Rights)

### **Italy :**

Mr Franco FRATTINI Minister for Foreign Affairs  
 Mr Antonio MARTINO Minister for Defence  
 Mr Roberto ANTONIONE State Secretary for Foreign Affairs

### **Luxembourg :**

Mr Charles GOERENS Minister for Defence

### **Netherlands :**

Mr Jaap de HOOP SCHEFFER Minister for Foreign Affairs  
 Mr Henk KAMP Minister for Defence  
 Mr Atzo NICOLAÏ Minister for European Affairs

**Austria :**

Ms Benita FERRERO-WALDNER  
 Mr Günther PLATTER  
 Mr Georg LENNKH

Federal Minister for Foreign Affairs  
 Federal Minister for Defence  
 Director-General, Department of Development Cooperation,  
 Federal Ministry of Foreign Affairs

**Portugal :**

Ms Teresa GOUVEIA  
 Mr Paulo PORTAS  
 Ms Manuela FRANCO

Minister for Foreign Affairs  
 Minister of State, Minister for Defence  
 State Secretary for Foreign Affairs and Cooperation

**Finland :**

Mr Erkki TUOMIOJA  
 Ms Paula LEHTOMÄKI  
 Mr Seppo KÄÄRIÄINEN

Minister for Foreign Affairs  
 Minister of Foreign Trade and Development  
 Minister for Defence

**Sweden :**

Ms Laila FREIVALDS  
 Ms Leni BJÖRKLUND  
 Ms Carin JÄMTIN

Minister for Foreign Affairs  
 Minister for Defence  
 Minister at the Ministry of Foreign Affairs with responsibility for  
 International Development Cooperation

**United Kingdom :**

Mr Jack STRAW  
 Mr Geoff HOON  
 Mr Hilary BENN

Secretary of State for Foreign and Commonwealth Affairs  
 Secretary of State for Defence  
 Secretary of State for International Development

\* \* \*

**Commission :**

Mr Poul NIELSON  
 Mr Günther VERHEUGEN  
 Mr Christopher PATTEN

Member  
 Member  
 Member

\* \* \*

**General Secretariat of the Council :**

Mr Javier SOLANA

Secretary-General/High Representative for the CFSP

**The Governments of the Acceding States were represented as follows:**

**Czech Republic :**

Mr Cyril SVOBODA  
Mr Miroslav KOSTELKA

Deputy Prime Minister and Minister for Foreign Affairs  
Minister for Defence

**Estonia :**

Ms Kriistina OJULAND  
Mr Margus HANSON

Minister for Foreign Affairs  
Minister for Defence

**Cyprus :**

Mr George IACOVOU  
Mr Kyriakos MAVRONICOLAS

Minister for Foreign Affairs  
Minister for Defence

**Latvia :**

Ms Sandra KALNIETE  
Mr Janis SARTS

Minister for Foreign Affairs  
Under-Secretary, Ministry of Defence

**Lithuania :**

Mr Antanas VALIONIS  
Mr Povilas MALAKAUSKAS

Minister for Foreign Affairs  
State Secretary, Ministry of Defence

**Hungary :**

Mr László KOVÁCS  
Mr József FEHÉR

Minister for Foreign Affairs  
State Secretary, Ministry of Defence

**Malta:**

Mr Joe BORG  
Mr Joseph R. GRIMA

Minister for Foreign Affairs  
Permanent Secretary, Office of the Prime Minister

**Poland :**

Mr Adam Daniel ROTFELD  
Mr Jan TRUSZCZYNSKI  
Mr Andrzej TOWPIK

Secretary of State  
Under-Secretary of State, Ministry of Foreign Affairs  
Under-Secretary of State for Defence Policy, Ministry of Defence

**Slovakia :**

Mr Eduard KUKAN  
Mr Juraj LISKA

Minister for Foreign Affairs  
Minister for Defence

**Slovenia :**

Mr Dimitrij RUPEL  
Mr Anton GRIZOLD

Minister for Foreign Affairs  
Minister for Defence

**A meeting of the EU Troika with Defence Ministers from the non-EU European NATO members and the candidate countries for accession to the EU took place in the margins of the Council. These countries were represented as follows:**

**Bulgaria :**

Mr Nikolay SVARINOV

Minister for Defence

**Romania :**

Mr Ioan Mircea PASCU

Minister for Defence

**Turkey :**

Mr Vecdi GONUL

Minister for National Defence

**Iceland :**

Mr Kjartan JOHANNSSON

Ambassador, Head of the Icelandic Mission to the EU

**Norway :**

Mr Gunnar HELØE

State Secretary, Ministry of Defence

## **ITEMS DEBATED**

**NOTE 1:** The acceding countries, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia, align themselves on the conclusions on ESDP, Iraq, Western Balkans, EU-Africa relations, WMD and Afghanistan.

**NOTE 2:** Other items (conclusions, decisions) related to external relations, the European Security and Defence Policy as well as development were adopted without debate in the "General Affairs" session of the Council, which is the subject of a separate press release (14486/03 - Presse 319).

## **EUROPEAN SECURITY AND DEFENCE POLICY**

### ***– COUNCIL CONCLUSIONS ON ESDP, INCLUDING THE AGENCY IN THE FIELD OF DEFENCE CAPABILITIES DEVELOPMENT, RESEARCH, ACQUISITION AND ARMAMENTS***

The Council adopted the following Conclusions:

"1. The Council welcomed the progress on the work concerning the development of a European Security Strategy, based on the document "A Secure Europe in a Better World", presented by HR/SG Solana, and seminars held in Rome, Paris, and Stockholm in the course of the year. Ministers underlined the importance of the Strategy being adopted by the European Council in December 2003.

2. The Council agreed on conclusions for creating an Agency in the field of defence capabilities, development, research, acquisition and armaments.

3. The Council reviewed progress on the European Security and Defence Policy, underlining that the year 2003 has witnessed remarkable progress in the field of ESDP, notably by the successful launch and conduct of three crisis management missions: two EU-led military operations (CONCORDIA in the former Yugoslav Republic of Macedonia and ARTEMIS in the Democratic Republic of the Congo) and a police mission (EUPM in Bosnia and Herzegovina), while the launch of a further police mission in the former Yugoslav Republic of Macedonia (EUPOL PROXIMA) is imminent. The Council is currently examining possible support for setting up an integrated police unit in Kinshasa, following the request by the authorities of the Democratic Republic of the Congo and of the United Nations.

4. Taking into account the views of the government of the former Yugoslav Republic of Macedonia, and after a thorough assessment, Operation CONCORDIA will end, as planned, on 15 December 2003. The Council re-affirmed the importance of the strategic partnership in crisis management between the EU and NATO, as encompassed in the ESDP permanent arrangements, including Berlin Plus, which made CONCORDIA a success. The EU will however continue to monitor closely the security situation in the area and will consider its engagement accordingly.

5. While actively engaged in its first military operation, the EU was also able to launch and conduct a second operation, ARTEMIS. This autonomous operation enabled the EU to intervene in a timely manner, at the request of the UN Secretary General, in support of the United Nations. The EU's ability to conduct concurrent ESDP operations thus underlined the ESDP's growing maturity.
6. The Council welcomed the progress made in the establishment of the EU Police Mission in the FYROM (PROXIMA), planned to be the second ESDP police mission launched this year. The Council gave full support to the efforts of the Secretary General/High Representative and of the Police Head of Mission with a view to a successful launch of PROXIMA on 15 December 2003. At the same time, the EUPM continued successfully to contribute to the establishment of sustainable policing arrangements under the ownership of the authorities of Bosnia-Herzegovina.
7. The Council recognised the importance of the EU learning lessons from all ESDP operations. For Operation CONCORDIA, this will be followed by a lessons learned exercise conducted with NATO.
8. The practical development of EU-UN relations in crisis management should continue on the basis of the EU-UN joint declaration of 24 September 2003. Developing EU-OSCE relations will also be examined further.
9. The Council recognised that various proposals have been made in recent months in order to address the need to improve the EU's capacity for planning and conducting military operations. These should be examined further, in a framework of compatibility with NATO and aiming at avoiding unnecessary duplication. The work under way in the relevant ECAP Project Groups should be fully taken into account and continue to be developed. Therefore, the Political and Security Committee (PSC) should work on the issue at an appropriate time, drawing on EUMC advice.
10. The ability to respond effectively with civilian means to crises outside the Union is an essential component in the comprehensive range of instruments at the Union's disposal under its security and defence policy. The Council, recalling its invitation to the Secretary General/High Representative of 19 November 2002 to take forward as soon as possible work on establishing a planning and mission support capability, accordingly welcomes the report on planning and mission support for civilian crisis management operations presented by the Secretary-General/High Representative under cover of his letter of 22 July 2003, and the steps taken by him to implement it. The Council notes the commitment of the Secretary General/High Representative to recruit additional permanent staff and seconded national experts in the Council Secretariat in the immediate future in order to meet the short-term needs identified following discussion of this report. Member States are invited to identify suitable candidates for secondment as soon as possible. This will provide the Union with strengthened expertise for planning and supporting police operations, two of which are being conducted (EUPM in Bosnia-Herzegovina) or planned (EUPOL PROXIMA in the FYROM), and for future crisis management operations in other fields. Moreover, the recent allocation of additional personnel to strengthen horizontal backup functions underlines the Union's commitment to implement crisis management operations effectively.
11. In order to further improve the Union's capabilities in this field, the Council notes that the Secretary-General/High Representative will:
  - report to the Council no later than April 2004 on the steps taken and progress made in strengthening the planning and mission support capabilities for crisis management, in particular for civilian operations;



- explore possibilities for enhancing cooperation between the EU military staff, without prejudice to their terms of reference, and other Secretariat personnel in the external field to ensure efficient and cost-effective planning and support for civilian crisis management operations, particularly where these may be undertaken in conjunction with or following on from military operations;
- and make suggestions after the IGC has completed its work on how to meet needs in this area in the medium to long term with a view to creating a permanent and professional core staff in this area as outlined in his report.

12. The Council also welcomed the progress achieved and the work done on other crucial aspects in the area of civilian crisis management, namely training and recruitment of the civilian personnel. While confirming that the availability of both military and civilian tools is an essential feature of ESDP, the Council directed the PSC to develop proposals, drawing on an opinion of the Committee for Civilian Aspects of Crisis Management (CivCom), on further improvement of civilian capabilities. New capabilities and instruments should also be developed as the need arises.

13. Building on the successful work accomplished under the Danish and Greek Presidencies, a practical framework for Civil-Military Coordination has been agreed. It underlines the central importance of a culture of coordination to ensure unity of purpose and coherence of instruments in EU crisis management activities. Concrete measures for field-level coordination should be further elaborated and presented to PSC in 2004.

14. The Council is looking forward to the conduct, starting this week, of exercise CME/CMX 03 which will concentrate on how the EU plans at the strategic politico-military level, for crisis management with civilian and military instruments, including their coordination, for an envisaged EU-led operation with recourse to NATO assets and capabilities.

15. The Council noted the Single Progress Report on military capabilities, which was prepared in the context of the Capability Development Mechanism (CDM). The achievements in the past six months and the further analysis conducted on specific shortcomings show progress and confirm the overall assessment made in May 2003. The Council underlined the importance of the coherent and mutually reinforcing development of military capabilities in the EU and in NATO where requirements overlap and of the EU-NATO Capability Group, in this context, as defined by the CDM.

16. The Council welcomed the continuing work on the European Capability Action Plan (ECAP), which demonstrates Member States' determination to address the remaining shortfalls. The Council welcomed the active participation of Member States and acceding States in the process. Non-EU European NATO members could take part in ECAP Project Groups under conditions to be defined on a case by case basis by each Project Group. The Council underlined the need to complement the ECAP, for which the "bottom-up" approach remains one of the essential principles, with an approach identifying objectives, timelines and reporting procedures to the Council in close coordination with each Project Group. To this end the Council asked the relevant Council bodies to develop an ECAP roadmap in order to monitor ECAP progress and allow Member States to redirect the work of the Project Groups if deemed necessary.

In order to assist the EU and the Member States' such a tool should be presented as an integral part of the Single Progress Report during each Presidency and accompanied by a Capability Improvement Chart including a state-of-play of the Project Groups and a clear readable overview for public opinion and the media. The Council welcomed the improvement of some of the existing contributions. The contributions of the acceding States against the requirements identified in 2003 will further increase the EU's abilities when included in the Forces Catalogue in 2004 at the end of a bidding process launched.

17. With a view to taking forward EU military rapid response, the Council agreed that work should be carried out to complement the Headline Goal with a precise definition and subsequent identification of EU rapid response elements. In addition, while welcoming the implementation phase of the NATO Response Force (NRF), the Council affirmed the need for further exchanges of information between the EU and NATO on EU military rapid response and on NRF at different levels within the established cooperation framework.

18. The Council underlined the importance of the role of the National Armaments Directors in armaments development and took note of their meeting on 5 September 2003.

19. While stressing the need to address the outstanding capability shortfalls against the Helsinki Headline Goal, the Council recognised the need now to look beyond 2003, and set new goals for the further development of European capabilities for crisis management for 2010, thus defining the EU level of ambition in terms of achieving qualitative and quantitative capability goals. This work should take into account the current limitations and/or constraints on deployment time and the fact that high risk may arise at the upper end of the spectrum of scale and intensity, in particular when conducting concurrent operations. Drawing on the Council assessment that there is an overarching need for qualitative and quantitative improvement, the new objective should be based on the principles of interoperability of capabilities e.g. equipment, forces and commanding structures as well as deployability and sustainability.

20. The Council welcomed the approach of the Presidency's food for thought paper *A Path for Further Achievements in European Capabilities*, discussed by the Ministers for Defence at their informal meeting on October 3 and 4 2003, and directed the PSC to develop proposals in this area including on a new headline goal, with a view to the June 2004 European Council drawing on this paper, on an EUMC information paper, on the French paper *Towards a 2010 Headline Goal*, on further contributions by Member States and on an opinion from the EUMC.

21. The Council approved the EU Training Policy in ESDP, as a result of the Thessaloniki European Council invitation to foster the development of a European security culture under ESDP, through agreement on a coordinated EU Training Policy, encompassing both civilian and military dimensions of ESDP. A concept will be developed, aiming at ensuring coordination and establishing links and strengthening synergies between the different training initiatives within ESDP. In this context, the Council requested the PSC to further examine the initiatives and proposals mentioned in the EU Training Policy document, including the proposal concerning a European College for Security and Defence, as presented at the meeting of the PSC on 7 November 2003.

22. The Council took note that work has continued regarding the establishment of a database of military assets and capabilities relevant to the protection of civilian populations against the effects of terrorist attacks, including Chemical, Biological, Radiological and Nuclear (CBRN) attacks. In this context, the competent Council bodies will continue to further elaborate on modalities, procedures and criteria for the use of military assets and capabilities to assist in consequence management with a view to concluding their work as soon as possible.

23. The Council welcomed the progress made in further strengthening dialogue and cooperation with Mediterranean partners on ESDP. The Council also welcomed the exchange of information on NATO's Mediterranean dialogue and on EU initiatives for dialogue and cooperation with the Mediterranean partners on ESDP. The Council looked forward to the continuation of the work within the EU and with partners on the basis of the Political and Security Committee conclusions of 19 September 2003. With a view to the next Euro-Mediterranean Conferences of Ministers of Foreign Affairs, the Political and Security Committee will submit a report on ongoing cooperation and concrete proposals for the future.

**AGENCY IN THE FIELD OF DEFENCE CAPABILITIES DEVELOPMENT, RESEARCH, ACQUISITION AND ARMAMENTS**

24. The Council has decided to create an Agency in the field of defence capabilities development, research, acquisition and armaments, further to the Conclusions of the European Council at Thessaloniki in June 2003. The Agency will be established in the course of 2004.

25. In this context, the Council endorsed the report on the Agency, annexed to these Conclusions, which constitutes the basis for carrying work forward.

26. The Council adopted the decision creating the Agency Establishment Team, including its mandate, and invited the Secretary General/High Representative to implement that decision as soon as possible, with a view to the Team starting work in January 2004.

27. The Agency Establishment Team should submit proposals to the Council, with a view to launching the activity of the Agency in the course of 2004."

– ***REPORT ON THE AGENCY IN THE FIELD OF DEFENCE CAPABILITIES DEVELOPMENT, RESEARCH, ACQUISITION AND ARMAMENTS***

**1. REFERENCES**

- 1.1 On 19-20 June 2003 the European Council at Thessaloniki, following the 2003 Spring European Council, tasked the appropriate bodies of the Council to undertake the necessary actions towards creating, in the course of 2004, an intergovernmental agency in the field of defence capabilities development, research, acquisition and armaments.

This agency, which shall be subject to the Council's authority and open to participation by all Member States, will aim at developing defence capabilities in the field of crisis management, promoting and enhancing European armaments cooperation, strengthening the European defence industrial and technological base and creating a competitive European defence equipment market, as well as promoting, in liaison with the Community's research activities where appropriate, research aimed at leadership in strategic technologies for future defence and security capabilities, thereby strengthening Europe's industrial potential in this domain.

- 1.2 The work of the European Convention, as presented during the European Council at Thessaloniki on 19-20 June 2003, without prejudging the works of the IGC, refers inter alia to the establishment of a European Armaments, Research and Military Capabilities Agency to identify operational requirements, to promote measures to satisfy those requirements, to contribute to identifying and, where appropriate, implementing any measure needed to strengthen the industrial and technological base of the defence sector, to participate in defining a European capabilities and armaments policy, and to assist the Council in evaluating the improvement of military capabilities.
- 1.3 COREPER 2 on 4<sup>th</sup> September 2003 decided to establish an ad hoc Group to prepare the creation of the Agency in the field of defence capabilities development, research, acquisition and armaments.

## **2. BASIC FUNCTIONS AND TASKS**

- 2.1 The Council shall establish under its authority within the single institutional framework of the EU, in support of CFSP and ESDP, an Agency in the field of defence capabilities development, research, acquisition and armaments, hereafter called the Agency, with the aim to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future.
- 2.2 The Agency shall be without prejudice to the competencies of Member States over defence matters.
- 2.3 The Agency shall have the legal personality necessary to perform its tasks and attain its objectives.
- 2.4 The Defence Ministers, within the Council, have the responsibility for the Agency, in support of the CFSP, the ESDP and European Defence Capabilities in general. Council decisions in relation to the work of the Agency shall be taken, after preparation by COREPER, the PSC and the relevant Council bodies, by the Council (GAERC) meeting in Defence Ministers composition.

The Political and Security Committee will receive reports and provide guidelines on matters falling within the CFSP and the ESDP. The National Armaments Directors will, in a way to be defined, receive reports and contribute on issues of their competence in preparation of Council decisions.

- 2.5 The Commission is fully associated to the work of the Agency.
- 2.6 The Agency will have evolving functions and capabilities towards its fully operational configuration, following a timetable to be defined. To this end, the Council will re-examine and, if deemed appropriate, review the relevant constitutive texts relating to the Agency in particular to bring them in line with the outcome of the IGC.
- 2.7 Decision making procedure  
*The decision making procedure of the Agency will have to be defined in the Joint Action establishing the Agency according to the subject matter of the decisions to be taken, reflecting the relevant Treaty provisions.*
- 2.8 The Agency will aim at:
- a. developing defence capabilities in the field of crisis management by:
    - 1) identifying, in association with the appropriate Council bodies and respecting their competencies, and utilising the Capability Development Mechanism, the EU's future defence capability requirements in quantitative and qualitative terms (encompassing both forces and equipment);
    - 2) scrutinising, assessing and evaluating against agreed criteria the capability commitments given by the Member States through the ECAP process, and utilising CDM;
    - 3) promoting and coordinating harmonisation of military requirements;
    - 4) identifying and proposing collaborative activities in the operational domain;
    - 5) providing appraisals on financial priorities for capabilities development and acquisition;
  - b. promoting and enhancing European armaments cooperation by :
    - 1) proposing multilateral projects to meet the ESDP capabilities requirements as they stand now and develop in the future;
    - 2) striving for coordination of programs implemented by Member States and for management of specific cooperation programmes through the Organisation Conjointe de Coopération en matière d'Armement (OCCAR) or specific program arrangements on the basis of OCCAR experience, aiming at promoting cost-effective and efficient procurement;
  - c. contributing to identifying and, if necessary, implementing policies and measures aimed at strengthening the European defence industrial and technological base; supporting the creation in liaison with Commission, as appropriate, of an internationally competitive European Defence Equipment market, providing further impulse and input to the development and harmonisation of rules and regulations affecting the European defence market, particularly by an EU wide application of rule and procedures adapted from those negotiated in the Letter of Intent (L.o.I) Framework Agreement process;

d. promoting, in liaison with the Community's research activities where appropriate, research aimed at fulfilling future defence and security capabilities requirements and thereby strengthening Europe's industrial potential in this domain including the provision of R&T studies relevant to future operational needs and the coordination and planning of joint research activities, using the experience gained with the Western European Armaments Group/Western European Armaments Organisation (WEAG/WEAO), particularly with EUROPA Memorandum of Understanding (EUROPA MoU).

2.9 In achieving its aims, the Agency shall draw on the competence and expertise of the EU Military Committee through the Political and Security Committee (as far as paras a.1), a.2), a.3), a.4) and b. are concerned) and, in a way to be defined, the EU National Armament Directors (as far as paras b., c. and d. are concerned).

### **3. ORGANISATION**

3.1 The Agency shall be open to participation by all EU Member States.

3.2 The Agency's structure is the following:

- a Steering Board (SB), which is the governing body of the Agency, is composed of representatives of the participating EU Member States, authorised to commit their governments, and a representative of the Commission. It meets at the level of the Ministers of Defence or their representatives;
- the Head of the Agency, who shall be the SG/HR, and who will chair the SB meetings;
- a Staff consisting of a lean core component of standing EU personnel selected on the base of individual capabilities, augmentable on a temporary basis by national secondees, according to specific tasks and projects;
- a Chief executive, recommended by the Head of the Agency and appointed by the SB.

3.3 The SB determines the Agency's activities during meetings chaired by the Head of the Agency, within the framework of such directives as the Council may issue to it. It also approves the Agency's programme of work and budget.

### **4. EXTERNAL WORKING RELATIONS**

4.1 The Agency should establish close working relations with relevant elements of existing arrangements/groupings/organisations such as L.o.I, OCCAR, and WEAG/WEAO, including the R&T mechanisms of the EUROPA MoU, with a view to incorporate them or assimilate their principles and practices in due course, as appropriate. The Agency should seek ways to ensure that present non-EU members of WEAG be associated, where appropriate, with specific programmes or projects.

4.2. In cooperating with these arrangements/groupings/organisations the Agency will respect the single institutional framework and the decision-making autonomy of the European Union. The Agency will respect the legal requirements and constraints of these arrangements/groupings/organisations in this co-operation.

- 4.3 In a spirit of mutual reinforcement between the Agency and relevant NATO bodies, within their respective competencies and the established framework of co-operation and consultation, the reciprocal transparency and coherent development will be ensured by the application of CDM procedures.

## 5. BUDGET

- 5.1 Arrangements will be worked out during the establishment phase of the Agency.

## 6. WAY FORWARD

### A. Preparing the establishment of the Agency.

- 6.1 An Agency Establishment Team (AET) will be set up in January 2004. Its mandate is set out in the Annex to the Council decision creating the AET.
- The Agency should be created by a Joint Action.
  - Institutional, legal and financial aspects relating to the basic functions and tasks of the Agency will be considered by the competent Council bodies in the light of recommendations from the AET.
  - The constitutive texts related to the Agency will be subject to review when the draft Treaty establishing a Constitution for Europe is finalised.

### B. Initial stage of the Agency

- 6.2 The initial stage will start in the course of 2004. The Agency will act as coordinating focus for the existing network of bodies, agreements and competencies. The Agency will contribute to the work of the relevant Council bodies, including the EUMC for the management of the CDM (Capability Development Mechanism), and the work of the HTF (Headline goal Task Force), and for the facilitation of decision-making regarding the results of the ECAP process. In this stage, the Agency's working relationships, and when necessary, the legal and operational frameworks, should have been established namely for:
- the management of collaborative projects through OCCAR;
  - the implementation and extension of L.o.I Framework Agreement procedures as appropriate;
  - the incorporation and adaptation of the relevant WEAG/WEAO elements or the assimilation of their principles and practices as appropriate.

- 6.3 At this stage the Agency's structure will enable it to carry forward work in its four fields of activity, with its staff progressively augmented in order to carry out its functions effectively.

### C. Fully operational stage of the Agency

- 6.4 In this stage the Agency will be responsible in particular for the integration between the operational aspects of capabilities (scenarios, requirements, non equipment collaborative projects) and the capability acquisition and development ones (R&T scenarios, cooperative armament projects, programmes management, European Defence Industrial and Technological Base rules and regulations).  
In this stage the Agency will incorporate or assimilate the principles and practices of the relevant elements of pre-existing arrangements/grouping/organisations (OCCAR, L.o.I, Framework Agreement, WEAG/WEAO).
- 6.5 The features of the relevant Agency's bodies are outlined in the Annex.

## **FEATURES OF THE AGENCY'S STRUCTURES**

### **1. STEERING BOARD**

- 1.1 The Steering Board (SB), chaired by the Head of the Agency, is the governing body of the Agency and exercises its competencies, in accordance with the guidelines established by the Council and in coherence with the work done by the SG/HR and by the PSC. It is composed of representatives of the participating EU Member States, authorised to commit their governments, and a representative of the Commission. It meets at the level of the Ministers of Defence or their representatives.
- 1.2 The SB meetings are attended by:
- the Chief executive of the Agency or his/her representative;
  - ex-officio, by the Chairman of EUMC and the NAD of the Presidency, or their representative.
- 1.3 The SB meeting are attended, on matters of common interest:
- at the invitation of the SB, by the heads/chairs of other arrangements, organisations or groupings, whose work will be assimilated or ultimately incorporated within the Agency;
  - at the invitation of the SB, by NATO Secretary General or his/her representative.

### **2. HEAD OF THE AGENCY**

- 2.1 The Head of the Agency chairs the SB meetings and is supported by the permanent staff. He/she is responsible for the achievement of the Agency's aims and for its overall organisation and functioning.
- 2.2 He/she will report on the work of the Agency, including on decisions by the SB, to the Council (the GAERC in Defence Ministers composition).



### **3. CHIEF EXECUTIVE**

- 3.1 The Chief Executive, who is also the Head of the permanent staff, reports to the Head of the Agency on the organisational and administrative tasks. He/she is responsible for the oversight and coordination of the functional units, ensuring the overall coherence of their work.

### **4. AGENCY STAFF**

- 4.1 The Agency staff comprises personnel, selected on the basis of relevant competence and expertise, managed by the Chief Executive. The staff is structured into functional units, as directed by the Head of the Agency and approved by the SB. Staff will be obtained from three sources:
- normally, personnel recruited directly by the Agency under fixed-term contracts, selected from nationals of Member States participating in the Agency;
  - Community officials seconded to the Agency for a fixed period and for specific tasks and projects or needs;
  - national experts seconded by Member States participating in the Agency according to specific tasks and projects.
- 4.2 In all cases, recruitment should be directed to securing for the Agency the services of staff of the highest standard of ability and efficiency, recruited on the broadest possible geographical basis among nationals of Member States participating in the Agency.

## **IRAQ - Council Conclusions**

The Council adopted the following Conclusions:

- "1. The Council expressed its deep solidarity with Italy for the brutal terrorist attack on its Armed Forces on 12 November 2003 in Nasria , killing 19 Italian soldiers and civilians together with many Iraqis. It extends its sincere condolences to the families of the victims. The Council again strongly condemns all terrorist attacks perpetrated against civilians, humanitarian organisations, the UN and military forces and reiterates the EU's determination to fight terrorism in all its forms.
2. The Council welcomes the accelerated process of handing over executive powers to the Iraqi Governing Council and its ministries. It took note with satisfaction of the announcement by the Governing Council on 15 November 2003 of the timetable for the transfer of sovereignty to a transitional Iraqi government and for a constitutional process which will lead to the establishment of a democratically elected and internationally recognised Iraqi government. It stressed the importance of a timetable adapted to the situation. The Council supported the process decided by the Governing Council for the establishment of democracy for the people of Iraq.
3. The Council reiterated the European Union's resolve to contribute to the political as well as the economic reconstruction of Iraq. It stressed the importance of the Governing Council consulting as widely as possible over the drafting of the fundamental law to ensure as much popular participation in the process as possible. The Council reaffirmed the vital role of the UN in this context.
4. The Council welcomed the positive outcome of the Madrid Donors' Conference and wishes to congratulate the Spanish Government for its excellent organisation. The Council welcomed the positive role played by the Iraqi ministers at this Conference. Recalling the conclusions of the European Council of last October, the Council takes note with satisfaction of the preparations for the establishment of the International Reconstruction Fund Facility into which contributions by the international community may be channelled.
5. Considering that security remains a major priority in Iraq, the Council hopes that the positive outcome of the Madrid Donors' Conference can be swiftly transformed into concrete results on the ground which have a direct and immediate impact on the Iraqi people. The Council encourages a growing involvement of Iraqis in providing security.
6. The Council has repeatedly urged all countries in the region to contribute to the stability of Iraq. Following the meeting of neighbouring countries' Foreign Ministers in Damascus, the Council looks forward to further meetings of the neighbours in consultation with the Iraqi Governing Council and Iraqi institutions, to help support the political and economic reconstruction process under way in Iraq."

## **WESTERN BALKANS -Council Conclusions**

The Council adopted the following Conclusions:

### " SERBIA AND MONTENEGRO/KOSOVO

The Council re-affirmed that direct dialogue between Belgrade and Pristina on practical issues of mutual concern remained a key benchmark and an indispensable element of the international community's policy of "standards before status", based on UN Security Council Resolution 1244. It urged all parties concerned to ensure an early and constructive start of the working groups in the follow up to the Vienna meeting.

The Council also welcomed the intention of the Special Representative of the UN Secretary General (UNSRSG), Mr Harri Holkeri, to set out more concrete guidelines for progress and operationalise the "standards before status" policy by elaborating jointly with the Provisional Institutions of Self-Government a work plan for the effective implementation of the benchmarks and to establish a continuous mechanism to review progress achieved to be consistent with his regular reports to the UN Security Council. The Council took note that a first opportunity for an overall review could occur around mid-2005, and earlier if sufficient progress had been made.

Reaffirming that the people of a multi-ethnic and democratic Kosovo will have their place in Europe on the basis of a full implementation of UNSCR 1244 and of the "standards before status" policy, the EU stands ready to assist in this process. It considered the Stabilisation and Association Process Tracking Mechanism (STM) as an important complementary instrument to this process.

Thus, the Council asked the SG/HR, in close coordination with the Commission, to explore together with the UNSRSG ways and means of further enhancing the EU's contribution to the implementation of UNSCR 1244 - taking full account of the STM and the importance of effective implementation of the benchmarks - and to submit a report to the Council.

### SERBIA AND MONTENEGRO

The Council welcomed the donor coordination meeting for Serbia and Montenegro to be held in Brussels on 18 November 2003. It would provide an opportunity to take stock of the achievements made by the country, supported by the donor community, in the reform process.

The Council stressed the importance for Serbia and Montenegro of presenting a comprehensive reform strategy. This would allow donors to continue supporting the reform process and to allocate international assistance most effectively in the years ahead.

### FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The Council agreed to appoint Mr. Søren Jessen-Petersen as EU Special Representative in Skopje and invited its competent bodies to prepare the necessary decisions to this end."

## **FOLLOW-UP TO THE EU-RUSSIA SUMMIT**

The Council discussed the follow-up to the recent EU-Russia summit in Rome on 6 November 2003, where many issues had been raised, including some not mentioned in the joint statement, such as the situation in Chechnya, the Kyoto Protocol, and maritime safety. Ministers today confirmed that the relationship with Russia is very important for the EU and that the EU's objective remains to build a balanced and reciprocal strategic partnership with Russia. Ministers agreed to come back to this issue soon to review how best to reach this objective.

## **MIDDLE EAST**

Over lunch, Ministers discussed the situation in the Middle East in the light of recent events, including the formation of the new Palestinian government of PM Ahmed Qurie, and exchanged views in preparation for the fourth meeting of the EU-Israel Association Council (17 and 18 November 2003). The Association Council offers an opportunity to conduct political dialogue on a range of issues, including the situation in the Middle East, and to review bilateral relations in the framework of the Association Agreement. *(The EU position for the Association Council is the subject of a separate press release - ref. 14796/03 - Presse328).*

## **IRAN**

Over lunch, Ministers discussed the situation in Iran with the focus on the nuclear issue, following the declaration by Iran on its decision to sign, ratify and immediately apply the International Atomic Energy Agency (IAEA) Additional Protocol, and to voluntarily suspend uranium enrichment and processing activities, and ahead of the IAEA Board of Governors meeting later in the week. They underlined the importance for cooperation from Iran to continue in implementing the above declaration.

## **WEAPONS OF MASS DESTRUCTION - Council Conclusions**

The Council agreed on a policy approach on elements in the EU's relations with third countries that relate to non-proliferation of weapons of mass destruction.

The policy approach is aimed at enabling the EU's strategy with regard to WMDs to be integrated into its broader relations with third countries, in particular with the inclusion of a "non-proliferation" clause in agreements with those countries.

The Council also adopted the following Conclusions:

"The Council welcomed the positive results achieved so far in the implementation of the "Action plan for the implementation of the basic principles for an EU strategy against the proliferation of Weapons of Mass Destruction", which it had adopted on 16 June 2003 and which was endorsed by the European Council in Thessaloniki. In particular, the adoption of the Common Position on the universalisation and reinforcement of multilateral agreements in the field of non-proliferation of WMD and means of delivery, and the adoption of a policy approach on mainstreaming a non-proliferation element in the EU's relations with third countries, constitute two major achievements.

The Council noted that other elements of the Action Plan are being carried out.

The fight against the proliferation of WMD and their means of delivery is a high priority. The Council asked the PSC to further elaborate, in accordance with the Thessaloniki declaration and drawing on the basic principles already established, a coherent draft EU strategy, which should be adopted by the next European Council. In addition the Council requested the PSC and other Council bodies, in cooperation with the HR and the Commission, to continue their efforts to implement the Action Plan in its entirety. The Council intends to revert to the Action Plan with a view to assessing its implementation and its further development."

## **EU-AFRICA RELATIONS**

### **– COUNCIL CONCLUSIONS**

"The Council

- welcomed the positive and constructive outcome of the EU–Africa Ministerial Troika in Rome on 10 November 2003 which reaffirmed the strategic nature of the partnership between the EU and Africa and underlined the joint commitment to continue and deepen the dialogue as expressed in the Final Communiqué;
- endorsed the agreement on new modalities to enhance the effectiveness of the EU-Africa dialogue and to make it more flexible and focused, in particular
  - that the dialogue be restructured around four clusters based on the eight common priorities of the Cairo process: (i) Peace and security issues, (ii) Governance, (iii) Regional integration and trade and (iv) Key development issues;
  - that the continuity of the dialogue be ensured at different levels and in different fora, notably at the level of Heads of Mission in Addis Ababa and, in the future, possibly also in Brussels, and that both the AU and European Commission should play an increased role in the dialogue;
  - that the structure of the meetings be streamlined by using the Troika format, that this format will not replace the mechanism set up in Cairo and meetings in full format will precede Ministerial meetings in full format. The Summit at Heads of State/Government level remains high on the agenda;
  - that the dialogue will be guided and regularly assessed by the competent Council bodies.
- took note with satisfaction of the continuing progress made by the AU in establishing its own organs including the Peace and Security (PSC) Council and in implementing its policies on the basis of the principles and priorities enshrined in the Constitutive Act of the AU and taken up by NEPAD as the operational programme of the AU. In particular it welcomed the consistent efforts successfully carried out by the AU and the subregional organisations in managing and facilitating the resolution of conflicts and crises in various parts of the continent. It reaffirmed its willingness to support such efforts as appropriate in coordination with the UN;
- looks forward to a continuation of the search by both sides for a constructive solution to the issue of Zimbabwe;
- underlines the importance of its decision to establish a Peace Facility for Africa. It supports the aims of the Peace Facility, based on African ownership and solidarity as well as on enhanced cooperation between the EU, UN, AU and sub-regional organisations with regard to peace and security, and which will support African peace keeping efforts, as well as institution and capacity building."

– **GUINEA-BISSAU**

The Portuguese delegation drew the Council's attention to the situation in Guinea-Bissau, noting that in line with its policy in the field of conflict prevention, the EU should address the dire economic situation in the country and envisage an observation mission for the elections to be held next year. Several speakers expressed support.

– **GREAT LAKES REGION**

The Belgian Minister briefed colleagues on his recent tour in Central Africa and underlined the importance for the EU to continue to play an active role in the Great Lakes region, following in particular the operation "Artemis", to take advantage of the current window of opportunity linked to progress in the different political processes. An EU plan could notably be envisaged to support a "stability pact" in the region. Support was expressed by several speakers for a continued EU engagement.

**CREATION OF A PEACE FACILITY FOR AFRICA**

The Council approved a draft Decision, to be adopted by the ACP–EC Council of Ministers, on the use of European Development Fund resources for the creation of a Peace Facility for Africa.

This initiative follows on from a mandate given by the Council at its meeting on 21 July 2003, in response to a request made in July by the African Union summit at Maputo. Its success will depend on enhanced cooperation between the AU, African subregional organisations, the EU and the United Nations with the aim of supporting African-led peacekeeping efforts and institution and capacity building.

The Commission intends to present a proposal to the EDF Committee at the beginning of next year, providing for a budget of EUR 250 million, so as to enable the Peace Facility to become operational before the end of 2004.

– ***COUNCIL AND COMMISSION STATEMENT ON A PEACE FACILITY FOR AFRICA***

"Security and stability are vital to development and reducing poverty in Africa. A Peace Facility for Africa will provide a significant boost to Africans' ability to bring peace to their continent.

The Peace Facility will support African-led operations and build African institutions' long-term capacity to carry out such operations.

Initial funding for the Peace Facility will be provided from the European Development Fund as an interim measure. Taking into account the EU Monterrey commitments, subsequent alternative funding options will have to be considered in the light of a review of the Facility's effectiveness which will be carried out at the end of the first year on the basis of an evaluation report by the Commission.

In implementing the Facility, coherence in all Council configurations should be ensured between actions within the framework of the Union's external policy.

Objectives, implementation and management modalities of the Facility will be discussed by the Council, including the definition of activities eligible and ineligible for funding through the Facility (among others, distinction between ODA and non-ODA expenditure) and the coordination between the Facility and United Nations', African Union's and sub-regional organisations' activities. On the basis of these discussions, the Commission will prepare a financing proposal for submission to the EDF Committee at the beginning of 2004.

In respect of subsequent specific operations to be financed by the Facility, the Commission commits itself to seek, at an early stage, a consensus of Member States in the competent bodies of the Council on the political appropriateness of each operation envisaged. It will, in parallel, seek the EDF Committee's approval on each operation proposed.

The Council may adopt, if necessary, the relevant decisions."



## **DEVELOPMENT POLICY AND EXTERNAL ASSISTANCE - Council Conclusions**

The Council held a policy debate on the basis of a report from the Commission on the Community's development cooperation policy and implementation of the EU'S external assistance in 2002, and adopted the following Conclusions:

"RECALLING its Conclusions of 31 May and 8 November 2001 on the follow-up to the EC's development policy and the statement by the Commission and the Council of November 2000 on EC development policy;

RECALLING its Conclusions of 19 November 2002 on the Annual Report on the EC's Development Policy and the implementation of external assistance;

THE COUNCIL:

1. WELCOMES the Annual Report of the Commission on the EC's development policy and the implementation of external assistance in 2002;
2. NOTES the qualitative progress of the 2002 Report, highlighting the efforts accomplished to assess the impact of EC development cooperation policy and the progress made towards the achievement of the Millennium Development Goals (MDGs);
3. Stressing that the overarching objective of EC development cooperation is the reduction of global poverty, RECOGNISES that EC assistance provided to each region has its own distinct characteristics which can lead to a fragmented picture. Greater consistency among geographical, thematic and horizontal issues should be striven for in EC assistance in order to enhance its effectiveness and to make it more transparent to the European public.  
To this end, the Council looks forward to receiving proposals from the Commission to proceed on the path of harmonisation and rationalisation of the financial instruments in the context of the next financial perspective;
4. NOTES that the Commission's management reforms launched in 2000 are starting to show some initial results in terms of enhanced aid efficiency and INVITES the Commission to present in the next Annual Report its assessment of the process, containing more analytical and qualitative results of the reforms and, if necessary, identifying needs for any further or deeper reforms;
5. EMPHASISES the multiple functions of the Annual Report which, *inter alia*, aims at measuring the impact and effectiveness of EC development cooperation by reviewing progress towards achieving its strategic objectives; satisfying the administrative reporting requirements included in the various legal bases and serving as a central public document aimed at increasing the visibility and transparency of EC assistance to partner countries and informing the European public, including the public of the acceding countries, about the achievements of Community assistance. It INVITES the Commission to review the format of the Annual Report in order to respond fully to these various needs;

6. It INVITES the Commission to include in the next Annual Report an assessment of the work on cooperation between the EC, Member States and acceding countries carried out under the auspices of the "Special Task Force on Capacity Building" in order to strengthen the capacity of the acceding countries in the area of development cooperation and to explore further necessary activities in this regard;
7. CONSIDERS that the focus of the Annual Report should be on EC development cooperation. However, given that the EC contribution constitutes 20 % of total EU assistance, which in turn amounts to over 50 % of world Official Development Assistance (ODA), the Annual Report should also provide a brief picture of EC programmes as part of EU assistance as a whole. Such an overview of EU assistance would provide an opportunity to examine more thoroughly the coordination and complementarity, not only between the EC and the EU, but also among its Member States, and the other donors. In this regard, the Council ENCOURAGES the Commission and the Member States to strengthen local coordination and INVITES the Commission to develop further the initiatives already launched in this respect. In addition, the Annual Report should show in the statistical annex selected aggregate figures of EC financial contributions to ODA;
8. STRESSES the need to better integrate the Annual Report in the various steps of EU strategic planning, including the general orientation debate, the annual programme of action, and the debate on the annual budget, so that it both measures performance against earlier established objectives and provides substantive inputs and lessons to be learned for these planning instruments. The Annual Report should also reflect, in the light of the rationalisation efforts being made by the Commission, a more coherent use of the different EC financial instruments put in place for external assistance to partner countries as stipulated in EC development policy. It INVITES the Commission to present its Annual Report sooner after the reporting period and not later than July 2004;
9. ATTACHES particular importance to the following areas, which should be developed further in order to improve the quality of the Annual Report in the future:
  - Assessment of progress made by the recipients of EC assistance towards the **MDGs**, using clear and measurable results indicators and of the EC contribution to the overall development effort through its programmes and activities in all regions. To this end, it WELCOMES the Commission's reporting on a set of ten indicators linked to the MDGs. It INVITES the Commission to strengthen the analysis of the relationship between the success of its activities, its sectoral policies and the progress made by developing countries towards the MDGs and towards the overarching goal of reducing poverty at the global level;
  - Assessment of the progress made in the area of the **coordination** of policies and harmonisation of procedures between and among the Commission, the Member States and other donors, based on genuine partnership with the recipient countries and their national development strategies, including close coordination in the field among EC delegations and local embassies of the Member States. To this end, it INVITES the Commission to strengthen reporting on coordination and harmonisation efforts in the framework of its regular report on the follow-up to Monterrey, including the work in the context of the OECD/DAC and at country-level;

- **complementarity** between bilateral, multilateral and EC assistance;
- **coherence** between the objectives of EC development policy and other EU policies and goals;
- progress achieved in the **management reform** through the deconcentration process and other measures adopted by the Commission;
- **co-financing arrangements** between the Commission and the Member States, including their National Agencies;
- review of the volume and, in due course, of the effectiveness of **budget aid** and **project aid** as two different instruments used by the Commission to provide assistance to partner countries;
- ensuring greater consistency in the reporting on progress made concerning the **mainstreaming of horizontal issues** relating to the implementation of horizontal and thematic budget lines in the different geographical areas;
- **financial information** on commitments and disbursements related to a **3** year period, to be considered as an instrument supporting the progress and impact of the management reform of EC external assistance."

## **GOVERNANCE AND DEVELOPMENT - Council Conclusions**

The Council held an exchange of views on the basis of a communication from the Commission on the EU's strategy in support of better governance in developing countries, and adopted the following Conclusions:

### **"RECALLING:**

- The Joint Statement of November 2000 on EC development policy, which identified institutional capacity-building in the area of good governance as one of the 6 priority areas for EC development policy;
- The UN Millennium Declaration which stated that success in meeting the Millennium Development Goals (MDGs) depends, *inter alia*, on good governance within each country and which made a strong commitment to good governance, development and poverty reduction-nationally and internationally;
- The Council Conclusions on the Monterrey International Conference on Financing for Development, which stressed that developing countries have primary responsibility to create a sound macroeconomic environment and an appropriate framework for investments and to guarantee that funds received are properly and effectively managed, engaging themselves to ensure good governance, achieve high standards of transparency and eliminate corruption;
- The Monterrey consensus stressing the need to broaden and strengthen the participation of developing countries in international economic decision-making and norm-setting, and the need for further actions to help developing countries to build their capacity to participate effectively in multilateral fora;
- The Johannesburg plan of implementation which *inter alia* states that "good governance within each country and at the international level is essential for sustainable development";
- The Council Conclusions of 30 May 2002 welcoming the Commission's proposal to deepen its work on governance as one of the priority areas of the Community development policy and in particular the establishment of an experts group with the Member States with a view to defining a consistent and common EU approach to these issues in order to establish a policy framework based on the links between democracy, good governance and development with partner countries and in association with non-State actors;

### **RECOGNISING that:**

- governance is an essential ingredient of development cooperation since poverty reduction in developing countries largely depends on the capacity of public institutions to enable poor people to improve their standards of living, to ensure their access to public services and to guarantee their rights and security;
- governance is a key component of policies and reforms for poverty reduction and global security as well as for the promotion of democracy, human rights and the rule of law, which are essential elements in the EU relationship with third countries;
- whilst there is no development in chronically insecure environments, conversely governance failures are a key contributing factor to outbreaks of violent conflict;

- the ACP-EC Cotonou Partnership Agreement provides a useful approach to governance, and in the context of a political and institutional environment that upholds human rights, democratic principles and the rule of law, good governance is the transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development; governance entails clear decision-making procedures at the level of public authorities, transparent and accountable institutions, the primacy of law in the management and distribution of resources and capacity building for elaborating and implementing measures aimed in particular at preventing and combating corruption;
- inadequate domestic policies, together with the global governance deficit, have contributed to widening the gap between the rich and the poor;

## **THE COUNCIL**

**WELCOMES** the Commission Communication on Governance and Development, which brings together in one place the principles underlying the EU's mandate in supporting better governance in developing countries, and proposes a practical approach based on a dialogue with partner countries and complemented by capacity building efforts, focusing on the core elements of governance in order to deal with different types of situation and different contexts of development.

### **AGREES that:**

#### **On Policy Agenda**

- governance can be approached from different perspectives in different country situations and is therefore to be analysed and promoted on a country-specific basis since there is no "one-size-fits-all" model leading to good governance.
- where there is a clear commitment to an effective rights-based development partnership, country-owned initiatives and approaches provide a good basis for dialogue and cooperation efforts;
- the different scenarios presented in the Commission Communication, namely "effective partnerships", "difficult partnerships" and "post-conflict situations" are a good framework when analysing and further defining a policy framework for increasing consistency between EC and Member States' approaches to governance;
- the work on difficult partnerships is particularly important as a challenge for the EU and particular attention should be devoted to elaborating effective strategies for these partnerships and in post-conflict situations in order to allow the EC and the Member States to remain engaged through the whole range of available and most suitable instruments, even when sanctions have been adopted and official cooperation suspended;
- fighting against corruption at all levels deserves special attention in the general framework of governance; corruption undermines development and democracy and should be combated within the framework of broader support for poverty reduction and the strengthening of governance and democratisation processes;
- the relevant provisions and mechanisms established through the Cotonou Partnership Agreement referring to good governance, human rights, democratic principles and the rule of law may represent a reference for other EU agreements with third countries;

**on Instruments,**

- policy dialogue should represent the main instrument for establishing a shared agenda between the EU and its partner countries and for defining priority areas on governance-related matters on the basis of each partner country's priorities. Policy dialogue should be carried out with partners on a regular basis in order to give this instrument a positive, proactive connotation; such dialogue should be further reinforced and adapted in case of difficult partnerships, including through the involvement of other development actors such as other donors, civil society and the private sector;
- various available instruments should be put in place in a complementary manner to promote governance, including the protection and promotion of human rights and democracy, support for institutional development and capacity building, particularly in administrative and financial management reforms, and support for democratically-elected parliaments, the empowerment of women and to strengthening of civil society;
- the EC policy on governance should be integrated in development and related instruments including projects, sector programmes, budget support and trade agreements; budget support where appropriate can be a valuable instrument for promoting in governance through improvements both public financial management and the functioning of public services;
- the Country Strategy Papers (CSPs) process and the Mid Term Reviews (MTRs) constitute the appropriate framework where policy agenda, instruments and financial allocations are linked in a consistent manner at country or regional level;
- taking into account the work of the OECD Development Assistance Committee (DAC), governance indicators should be tailored to the specific needs of the partner country and be developed through a transparent process with the effective participation of all relevant actors in the country; indicators should allow for the identification of the most appropriate policy response;

**RECOMMENDS that**

- in the framework of the dialogue with partner countries, the EC should address governance issues, on a country-specific basis, as a practical concept which relates to the functioning of political, administrative, economic and social systems built on respect for human rights, democracy and the rule of law;
- particular attention should be paid to the strengthening of democratic institutions, such as parliaments, a professional and independent judicial system, government at central and local levels, local councils and a professional public administration;
- the EC, in line with existing EU mandates, should continue to encourage and promote consultations with civil society in order to enhance ownership and accountability; civil society also is often a particularly important actor in difficult partnerships;
- in cases of difficult partnerships, the EU, in cooperation with other donors, particularly through the OECD/DAC, should explore , in addition to humanitarian aid, alternative ways and means of ensuring its continuing support in order to show solidarity with the populations concerned, to avoid the negative effects of isolating a country in terms of security, and to ensure long term aid effectiveness;
- in cases of post-conflict situations, the EU should prioritise the identification and analysis of the root causes of the conflict and develop appropriate peace-building strategies linking relief, rehabilitation and development and paying due attention to the core elements of governance;
- particular attention should be paid to the possible role of the private sector in fostering good governance and voluntary control of corruption;

- in all their interventions, the EC and its Member States should strive for increased coherence, complementarity and coordination among themselves and with other donors; to this end, the EU should actively participate in the development of the governance-related agenda with all existing stakeholders, using the whole range of available instruments in the framework of its external action;

and

**INVITES** the Commission:

- to develop and operationalise the principles contained in the Communication into guidelines and a handbook aimed at assisting the management of programmes to improve the effectiveness and impact of governance-related interventions; in this context, **THE COUNCIL ENCOURAGES** the Commission and the Member States to share their experience with a view to adopting a common approach;
- to coordinate further with other donors, including through participation in the OECD/DAC fora, in the relevant UN bodies and in the relevant activities of the World Bank and the regional development banks, in order to develop consistent approaches on issues such as aid allocation, donor coordination and shared institutional policy analysis;
- to discuss, in future partnership agreements with other regions, the best practices for integrating governance-related provisions and mechanisms in line with these Council Conclusions, complementing the "essential element clause" which is already agreed practice;
- to report in the Annual Report on how governance has been addressed in the CSPs on the occasion of the forthcoming MTRs."

### **COTTON PRODUCTION IN AFRICA**

At the request of the French delegation and on the basis of that delegation's non-paper, the Council held an initial exchange of views on the problematic situation of the four major cotton producer countries in Africa.

The Council recognises that this is a vital issue for those countries and invites the Commission to examine the situation in depth and to inform the Council accordingly.

**OTHER BUSINESS**– *AFGHANISTAN - Council Conclusions*

The Council adopted the following Conclusions on Afghanistan:

- "1. Following the EU Troika Mission to Kabul on 19 and 20 October 2003, the Council reaffirmed the EU's commitment to the reconstruction of Afghanistan and the implementation of the Bonn Process. The Council considers it essential that the international community continue fully to support the Afghan authorities and enable them to exercise effective power over the entire Afghan territory and to meet the immense challenge of reconstruction and peace.
2. The Council welcomed the recent publication of the draft constitution. On the eve of the constitutional Loya Jirga, the Council stated that it expected to see a democratic and fair completion of this important traditional Afghan consultation. The Council keenly hopes that it will approve a constitution abiding by international standards and based on the primacy of international law, democratic principles, respect for human rights including equality of the sexes and social justice.
3. The Council reiterated the need for free and fair elections to be held next year, thus bringing to its conclusion the road map devised by the Bonn Agreement. The EU stands ready to assist Afghanistan in these elections.
4. The Council welcomed the recent UNSC Resolution 1510 authorising the NATO-led ISAF mission to operate outside the area of Kabul, and encouraged efforts by Member States to establish provincial reconstruction teams. The Council also recalled the importance of security sector reform, including reconstitution of the new Afghan National Army and Police, as well as justice reform and the DDR process (disarmament, demobilisation and reintegration). The Council expressed its concern about the security situation and underlined the importance of increased efforts to improve it, so that it does not obstruct further progress in economic reconstruction and in building a democratic and peaceful Afghanistan, thereby undermining the Bonn Process.
5. The Council expressed its serious concern about poppy cultivation in Afghanistan. Cultivation in traditional areas had decreased but it had moved into new regions and overall cultivation was up 8 per cent on 2002. There was little effective law enforcement. The Council welcomed the Afghan National Drug Control Strategy as a first step to tackling the problem and restated the EU's readiness to support its implementation.
6. Recalling the Kabul Declaration on Good-Neighbourly Relations of 22 December 2002, the Council finally underlined the importance for all countries in the region to fully cooperate with the Afghan Transitional Authority."



– *OSCE*

The Netherlands delegation, as OSCE Chairmanship-in-Office, briefed colleagues on developments regarding Moldova, on the basis of ongoing contacts, and on the situation in Belarus. It mentioned the importance of regional statements under negotiation concerning situations of interest for the activity of the OSCE.

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