

Translation

The Federal Government

"Europe – succeeding together"
Taking stock of Germany's EU Presidency

The Berlin Declaration marking the 50th anniversary of the signing of the Treaties of Rome highlights once more the unprecedented success of today's European Union, which has grown from 6 to 27 Member States. It is the key guarantor of peace and prosperity, democracy and stability in Europe. The fifth round of enlargement ended the division of the European continent once and for all.

Against the backdrop of the changed conditions in the global economy and the coinciding constitutional crisis, the main challenge facing us at the start of our Presidency was to regain and strengthen the confidence of ordinary Europeans in the European Union's ability to shape events and thus safeguard its viability.

The German Presidency has managed to get the EU back on course with a host of key decisions which point the way ahead. They have brought very concrete benefits to citizens and strengthened the European Union's capability to act. Above all, however, a breakthrough was achieved in the efforts to renew the Union's contractual basis.

The latest Eurobarometer strikingly demonstrates that the period of paralysis and despondency has been overcome and confidence has been regained: at the end of Germany's Presidency the EU's approval ratings among the general public have reached the highest level in 10 years.

The programme, drawn up for the very first time by three consecutive Presidencies (Germany, Portugal, Slovenia), has gone a long way towards helping the EU to better prepare and focus on core issues and to set priorities on a longer-term basis.

The Presidency's presentation and communication style was modern and result-oriented. The events organized to mark the historic 50th anniversary of the signing of the Treaties of Rome, including the central ceremony attended by the Heads of State and Government in Berlin, were targeted at ordinary citizens and generated more confidence in and identification with Europe throughout the EU.

The German Presidency's positive overall record is evident in five central spheres:

Treaty reform

The outstanding achievement of the German Presidency was the resolution of the constitutional crisis and the agreement to continue the treaty reform process. The way was paved with the Berlin Declaration and the inspiring celebrations in Berlin on 25 March to mark the 50th anniversary of the signing of the Treaties of Rome.

The mandate for treaty reform has laid the foundation for securing and improving the Union's efficiency in the long term. The mandate adopted for the Intergovernmental Conference is precise and enables the Conference to be concluded swiftly before the end of the Portuguese Presidency. This will make it possible to hold the 2009 elections to the European Parliament on a new contractual basis which has been ratified by all Member States.

Integrated climate and energy policy

The far-reaching decisions in favour of an integrated climate and energy policy mean that the European Union is leading the way internationally in the efforts to resolutely tackle one of the greatest challenges of the 21st century. In March 2007, the European Council set ambitious targets on reducing harmful emissions (CO₂ emissions by 30% by 2020 irrespective of the actions of other states however by at least 20% compared to 1990 levels), as well as on securing the energy supply. They are underpinned by an Energy Action Plan with equally ambitious targets on energy efficiency (20% reduction in energy consumption by 2020) and renewable energies (20% share of renewable energies in overall energy consumption). The Action Plan brings together competitiveness, energy security and climate protection, all equally important, in a coherent Energy Policy for Europe. The EU reaffirmed its commitment to limit global warming to a maximum of two degrees. Decisions made on energy and climate protection were important stepping stones along the path towards the agreements reached in Heiligendamm.

Strengthening competitiveness and the social dimension

The German Presidency gave high priority to strengthening competitiveness and Europe's social dimension. On the one hand, the key impetus lent to completion of the internal market and better regulation should be highlighted, on the other the efforts to flesh out Europe's social dimension with concrete measures.

In addition, the Presidency advanced concrete projects which brought home to ordinary citizens the benefits of integrated cooperation and made living and travelling in the EU less expensive. Examples of this are the adoption of the Roaming Regulation, which will make it cheaper to use mobile phones throughout Europe, as well as the agreement on a Single European Payments Area, which will make it possible for businesses and citizens to make payments Europe-wide just as quickly, simply and cheaply as is already the case for national payments.

Justice and Home Affairs

In the sphere of justice and home affairs, important progress was made and first steps taken towards energetically further developing joint strategic goals beyond 2010. Moreover, Europe reaffirmed its determination to contain illegal immigration in the context of its dialogue with countries of origin and transit, as well as to examine the options for legal migration. In doing so, the needs of national labour markets and the Member States' competences will be taken into consideration. In future, the EU will focus not only on the Mediterranean but also to a greater extent on neighbouring regions to the east and south-east.

The agreed incorporation of the Prüm Treaty on the enhanced exchange of data into EU legislation will lend police cooperation fresh impetus in the fight against terrorism and organized crime. Citizens' rights were also strengthened, inter alia, by ensuring that cross-border claims for maintenance are enforced and by improving consumer protection. The networking of criminal records and e-justice will considerably enhance practical cooperation among judicial authorities. Furthermore, the agreed decision on fighting racism and xenophobia is a clear sign that Europe is strongly committed to combating intolerance.

The EU's external relations

In the sphere of external relations, it was possible to further develop the EU's role as a global player. The European Neighbourhood Policy will be further intensified, also in relation to the EU's neighbouring regions to the east and south-east, while the EU wants to extend the European area of security and stability with its Strategy on Central Asia. The EU's relations with Russia were also further intensified via concrete steps, for example in energy cooperation and investment security. However, we will have to continue working to create the

conditions which will allow us to commence negotiations on a modern Partnership and Cooperation Agreement.

Transatlantic relations received fresh and sustained impetus with the EU-US Summit on 30 April: the adoption of a framework for transatlantic economic relations, including the establishment of a Transatlantic Economic Council, is intended to intensify cooperation, especially in the regulatory sphere. The conclusion of an aviation agreement, also agreed upon, will further promote exchange and trade between the two regions.

In the Middle East, the EU has succeeded by revitalizing the Middle East Quartet and supporting the Arab peace initiative in lending new momentum to international cooperation despite recent negative developments in the region. The Kosovo status process was actively and unanimously supported by the EU on the basis of the Ahtisaari proposals. The negotiations on a Stabilization and Association Agreement with Serbia have recommenced.

The key point is that by setting a new course for Europe's institutions, the European Union has overcome stagnation and ensured its efficiency and viability in an increasingly globalized world. Through its ambitious decisions, the EU has regained a leading role in key issues affecting the future. Today the European Union is better equipped to shape both internal and external policies in keeping with its values. This will further increase acceptance of the EU among its citizens. The European Union is, and will remain, the foundation of our common future.

DETAILS

I. A functioning Community – further developing the EU

In the Berlin Declaration of 25 March 2007 marking the 50th anniversary of the signing of the Treaties of Rome, the Heads of State and Government recalled Europeans' common values and ideals and stated in an impressive fashion their determination to renew European integration. The Declaration names the key challenges of the 21st century and sets forth a joint approach on tackling them. The Heads of State and Government reaffirmed their commitment to place the European Union on a renewed common basis by 2009.

At the same time, it was possible to preserve the most important innovations of the Constitutional Treaty and thus retain its substance. For instance, the Charter of Fundamental Rights is to be fully binding. The major advances achieved in the Constitutional Treaty in this area have thus been preserved.

With regard to the weighted voting system in the Council, the double majority principle is to be kept. This ensures equality among Member States as well as equality among citizens in relation to Council decisions. The postponement of the introduction of the double majority until 2014 means that the double majority principle will come into force at the same time as the reduction in the number of Commissioners.

It was thus possible to retain the institutional package. The scope for qualified majority voting and the co-decision powers of the European Parliament were greatly extended. With the establishment of the co-decision procedure as the general procedure, the European Parliament will become a co-legislator on an equal footing with the Council. The Commission President will in future be elected by the European Parliament. These developments will make the EU more democratic and more transparent.

The plan to reduce the number of commissioners to two thirds of the number of Member States from 2014 will also strengthen the EU's capability to act. The same goes for the creation of a new permanent office of President of the European Council, which will guarantee the continuity, coherence and visibility of EU policy both within and outside the Union. The EU's foreign policy will be significantly strengthened by the introduction of the office of a High Representative of the Union for Foreign Affairs and Security Policy and the establishment of a European External Action Service. The functions of this office envisaged in the Constitutional Treaty (inter alia, Vice-President of the Commission for External Relations and Chair of the External Relations Council) were preserved in their entirety.

The most important advances achieved in the Constitutional Treaty in specific policies have also been upheld. Alongside the EU's foreign policy, these notably concern efforts to combat terrorism and crime, energy policy and social affairs. The new treaty will also contain provisions on climate protection and energy solidarity.

In the area of justice and home affairs, the adaptation of the "emergency brake" already envisaged in the Treaty will enable Member States wishing to move forward within the scope of "enhanced cooperation" to do so more easily.

Recognition of local self-government, so important in Germany's view, and the status of churches ("church article") were also maintained.

The provisions in the Constitutional Treaty aimed at strengthening the role of national parliaments, particularly with regard to subsidiarity control and the delimitation of competences, have been extended even further, thus taking into account major concerns which arose from the public discussions in some Member States during the two-year period of reflection.

II. An integrated climate and energy policy

An integrated climate and energy policy was a clear priority of the German Presidency. The Heads of State and Government set ambitious targets both for reducing harmful emissions by 2020 and for a comprehensive energy policy for Europe. The Energy Action Plan defines equally ambitious targets for energy efficiency and renewable energies. It brings together competitiveness, energy security and climate protection, all equally important, in a coherent Energy Policy for Europe. The EU's aim to limit global warming to a maximum of two degrees was reaffirmed and was the foundation for decisions on climate and energy policy.

The EU's decisions were backed up by the widespread public interest in climate policy – generated by, among other things, the publication of the Stern Report and the findings of the Intergovernmental Panel on Climate Change (IPCC). The adoption of an Energy Action Plan for the period 2007–2009 made it possible for the EU to achieve a breakthrough in the form of particularly ambitious decisions that point the way ahead. This Plan marked a turning-point in climate policy and will allow the EU to assume a leading role globally in the post-2012 negotiations. Furthermore, it created a European added value for citizens and companies via an integrated climate and energy policy for Europe.

In concrete terms, the EU agreed to a 30% reduction in CO₂ emissions by 2020 (compared to 1990 levels), as long as other industrialized countries adopt comparable targets. In addition, Member States decided that irrespective of the actions of other states, the EU will reduce its CO₂ emissions by at least 20% by 2020 (compared to 1990 levels). This decision sends a clear

message to business that European emissions trading will be continued after 2012 and that investing in resource and energy-efficient technologies is worthwhile.

On top of this, the EU has set itself the target of reducing energy consumption by 20% through improved energy efficiency by 2020. Furthermore, a binding agreement was reached that the share of renewable energies in overall consumption will reach 20% by 2020. Finally, a 10% binding minimum target for the share of biofuels in overall EU transport petrol and diesel consumption by 2020 was agreed upon.

The Energy Action Plan also sets forth the priorities for the EU's external energy relations. The prime aim is to ensure energy security by diversifying sources of supply (including efficiency and renewable energies) and securing transit routes, international cooperative energy dialogues, and thus also climate protection. This is based on a comprehensive approach which includes both climate policy as well as development and trade policy. The European Council reaffirmed that the EU has to speak with a common voice.

The Energy Action Plan also includes measures aimed at making the EU internal market for electricity and gas more efficient (inter alia, unbundling, regulation, interconnectors), integrating it better and ultimately completing it.

On the German Presidency's initiative, the European Energy Strategy for Transport was adopted. This Strategy envisages a road map with concrete measures aimed at improving climate relevance, energy efficiency and the increased use of alternative fuels in road transport as well as in other modes of transport.

The Member States also supported the Commission's proposal that CO₂ emissions for new cars be reduced to an average of 120 grams per kilometre by 2012.

Furthermore, the German Presidency advanced the negotiations on the inclusion of aviation in emissions trading in a way that does not adversely affect competitiveness. The Council agreed that all flights from the EU to third states and those into the EU should be included in European emissions trading. This sent a clear signal to the forthcoming session of the ICAO Assembly.

The European Union has thus enhanced its leading role in international climate protection and set a milestone in international climate protection. In addition, it has paved the way for the

success of the UN Climate Change Conference being held in Bali in December 2007, at which the commencement of negotiations on a comprehensive international climate protection regime post-2012 is to be decided. The aim is to agree at international level by 2009 on reduction targets for the time after 2012 with a view to halving global greenhouse gas emissions by 2050 compared to 1990 levels. It was the EU's unity of purpose on climate protection targets which made the equally historic agreement with the G8 states in Heiligendamm possible in the first place.

III. Further spheres for shaping Europe's economic, social and environmental future

Europe has regained its economic dynamism – the prerequisite for guaranteeing growth and employment. With an estimated growth rate of 2.9% this year, it will exceed the US growth rate for the first time in many years. As the Progress Report adopted during the German Presidency shows, the renewed Lisbon Strategy for Growth and Employment is bearing fruit. It is a key instrument for safeguarding our economic future and the foundations of our social systems. In an effort to protect Europe's way of life, the importance of competitiveness as well as the Lisbon Strategy's social and ecological dimension were highlighted at the spring summit in March. To this end, the European Council endorsed, for the first time since the Lisbon Strategy was revamped to focus on growth and employment, country-specific recommendations for the Member States and the Eurozone. These recommendations serve as the central guiding principle for further reforms in the Member States. With the adoption of an integrated climate and energy policy for Europe, the EU is responding to one of the key challenges at the start of this century.

➤ Completing the Internal Market and strengthening the competitiveness of European enterprises

A key goal of our Presidency was to contribute towards the further completion of the internal market and to better tap Europe's potential as the world's largest internal market in terms of economic strength. The challenges facing the internal market of the 21st century are connected to globalization. The German Presidency therefore not only made the smooth running of the internal market the core element of the Lisbon Strategy on Growth and Employment but also regarded the further strengthening of its four freedoms (free movement of goods, persons, services and capital) as the most important instrument for improving the EU's international competitiveness.

One of the German Presidency's goals was to enhance the free movement of goods in the internal market. Even today, a large proportion of the goods traded within the EU are still subject to different national rules or monitoring systems. This means higher costs for companies. During the German Presidency, intensive work was done on strengthening and better implementing the principle of mutual recognition of non-harmonized products (there are no EU rules on this) and on improving and standardizing accreditation and market surveillance vis-à-vis harmonized products (New Approach).

The agreement on the Remedies Directive reached during the German Presidency will ensure a higher level of legal certainty for companies when it comes to the award of public contracts.

In the sphere of European customs legislation, it was possible to reach a political agreement on the most extensive planned legislation since 1992, the modernization of the Customs Code. In particular, the concept of centralized customs clearance and the principle of electronic data exchange between all parties involved in import and export have made life much simpler for both business and public administrations. The concrete content and the timeframe for implementation are set forth in the decision on a paper-free working environment for customs and trade, which the relevant ministers agreed upon during the German Presidency.

Considerable progress was also made with other projects. These include:

- The internal market for financial services was further developed, inter alia through convergence in supervisory practices relating to the cross-border acquisition of holdings in the financial sector, increased by the Acquisition Directive, and the development of a common European position aimed at improving the transparency of hedge funds to be discussed by the G8;
- The new Pre-Packaging Directive provides for the deregulation of nominal quantities for pre-packed products. This will boost competitiveness and means that in future more packaging sizes will be on offer to meet the diverse needs of customers.

Although the full liberalization of the European market for postal services brought key advances, no agreement has been reached as yet.

Furthermore, political agreement could be reached on most parts of the VAT Package during the German Presidency. The Portuguese Presidency has been given a mandate to resolve the

outstanding points, thus enabling the Council to formally adopt the VAT Package by the end of 2007.

In addition, projects which will bring special benefits to citizens were in the spotlight:

- In particular, the adoption of the Roaming Regulation, which will make it cheaper to use mobile phones throughout Europe, caught the public's attention. The new consumer-friendly rates must be offered during this year's holiday season, and the rates have to be gradually reduced further in years to come.
- The adoption of the 2007–2013 EU Consumer Policy Strategy sent a clear message that consumer policy is to be beefed up and transformed from consumer protection into a consumer market policy.
- Another focus of the future consumer policy will be the challenges and opportunities presented by the digital world. With an eye to fostering the debate on consumer policy at European level, the Presidency presented a charter on "Consumer sovereignty in the digital world".
- The agreement on a Payment Services Directive represented a key step towards realizing the Single European Payments Area (SEPA). In future, citizens and business people will, for example, be able to effect their entire euro payments through an account with any single bank.

➤ **Growth and stability-oriented financial and economic policy**

The euro is a success story of European integration – on 1 January 2007 Slovenia was the first of the ten new Member States who joined the EU in 2004 to introduce the euro. Malta and Cyprus, which according to the European Commission and the European Central Bank fulfil the convergence criteria, have also now begun the process of adopting the common currency.

The central message of the financial-policy debates conducted during the German Presidency was to take advantage of the current positive economic situation in order to further consolidate budgets. Tax surpluses are to be used to reduce debt and thus guarantee the sustainability of public finances. Against this background the thirteen Eurozone finance ministers, meeting in April, agreed to try to achieve their medium-term budget goals (in

Germany's case an overall balanced budget) by 2010. This, as well as the release of France, Greece, Malta and Germany from the excessive deficit procedure, proved that the reformed Stability and Growth Pact is working and that it has passed its practical test.

Increasing public-sector efficiency and effectiveness is a major element of the Lisbon Strategy and can make it easier to adhere to the Stability and Growth Pact obligations. This issue was also at the centre of the discussion, urged forward during the German Presidency, on the quality of public finances. In its June conclusions ECOFIN underlines the need to further improve the efficiency and effectiveness of the public sector. The debate on the quality of public finances will be continued during the Portuguese Presidency.

The effective fight against tax fraud is a major contribution towards the stability of public budgets and the protection of honest businesses willing to pay tax. With this in mind the Commission was called upon to present, by end of 2007, initial legislative proposals in the field of "conventional measures" within the existing VAT system and an analysis of the effects on the internal market of an optional general reverse-charge system, including the option of a corresponding pilot project (in Austria). Under this procedure tax fraud is combated by shifting commercial tax liability from the supplier to the recipient.

To promote smoother interaction between the various sovereign national tax systems in the field of direct taxation, the Member States agreed that in certain areas still to be specified greater coordination might be appropriate. Work on a common, consolidated commercial tax base, designed to increase the global competitiveness of the Internal Market, was continued according to plan.

➤ **Securing Europe's financial framework**

The agreement reached during the German Presidency on the Own Resources Decision, with which the conclusions of the December 2005 European Council on the Financial Perspective are formally implemented, is an important step towards a fair division of financial burdens. This agreement fulfils one of the preconditions for Europe's dynamic further development, as well as leading to a clear reduction in Germany's burden.

➤ **Better regulation**

Better regulation is a key element in improving the framework conditions for European enterprises, especially for SMEs, but also for the citizens and administration, the aim being to cut bureaucracy costs. At EU level the German Presidency was able to achieve the setting of concrete targets for reducing bureaucracy costs – by 2012 the administrative burden caused by EU legislation is to be reduced by 25%. The Member States are recommended to set similarly ambitious reduction targets. To achieve the target the Spring Summit initiated a Commission Action Programme aimed at assessing and reducing administrative burdens. In order to make clear the potential contained in better regulation, a start was also made on implementing immediate-action measures suitable for quickly reducing bureaucracy. A total of ten legislative measures were initiated, some of which were completed during the German Presidency.

➤ **Promoting environmental technologies**

Research and development are major strategic instruments of energy and climate policy. The development of resource-saving and energy-efficient technologies will in future be a central factor in the competitiveness of European businesses. The EU is facing the challenge of finding economic and ecological answers to this question. For that reason the German Presidency emphasized the great potential of environmental technologies and innovation. Examples of these are renewable-energy technologies, promotion of energy efficiency, sustainable power-station technology, and CO₂ capture and sequestration. The Commission was asked to present, by early 2008, a proposal for an ambitious and integrated strategy aimed at promoting eco-innovation. The Environment Council's conclusions already prepared the ground for this and listed concrete approaches.

➤ **Promoting research and development**

Our prosperity and economic growth depend to a large extent on investment in education, research and development. In view of this, the Member States have set themselves the aim, as part of the Lisbon Agenda, of channelling 3% of GNP into research and innovation by 2010.

The central element of the EU's research and innovation policy is the 7th Research Framework Programme (RFP 7) launched during the German Presidency. With a financial volume of around 54.4 billion euro for the period 2007–2013, this is the world's largest research programme. The creation of the European Research Council (ERC) as part of RFP 7 means

that the promotion of excellent pioneering research in Europe is now possible. RFP 7 and the ERC thus sent out important signals for improving Europe's capability for innovation and securing its competitiveness.

The transfer of knowledge from research to scientific use and the protection of related intellectual property are other central elements in safeguarding Europe's innovativeness. Germany has therefore initiated a charter for dealing with intellectual property in public research institutions and universities in order to better use research findings and prevent an uncontrolled drain of know-how – an IP Charter.

European research infrastructures are vital if we want science to excel. In the conclusions on that issue adopted during the Competitiveness Council on 22 May the research ministers confirmed that they want to implement the roadmap for European research infrastructures developed by the European Strategy Forum on Research Infrastructures (ESFRI).

The German Presidency scored a great success in establishing the European Technology Institute (ETI). This body, with its Knowledge and Innovation Communities designed to carry out excellent and application-relevant research, can sustainably improve Europe's innovativeness by strengthening the knowledge triangle of education, research and innovation. During the Competitiveness Council on 25 June a political agreement was reached on the establishment of the ETI, thus successfully completing the negotiations.

There are still major differences in Europe's scientific effectiveness. The German Presidency has therefore elaborated a guidelines document for the use of Structural Funds for research and made it the subject of Competitiveness Council conclusions.

During the joint EU-ESA Council meeting on space policy the foundation stone was laid for a European Space Programme which takes due account of space flight's transition towards greater user orientation and which, building on the EU's and ESA's space activities, sets aims and priorities.

➤ **Strengthening European cooperation in education**

The central education-policy issues were advanced under the motto "Bildung verbindet – Education Unites – EU". The "Lifelong Learning" Programme, with a budget of approximately 7 billion euro, was started, thus continuing successful measures such as the Erasmus

grants. Europe-wide higher-education cooperation was strengthened during the Bologna Ministerial Conference, in particular regarding mobility, quality assurance and employability.

During the German Presidency, in addition, the process of reflection on the further development of the education-policy components of the Lisbon Process (Education and Training 2010 Work Programme) was launched. To enable progress to be assessed, a concrete catalogue of indicators and objectives was adopted.

To promote European cohesion, during an informal ministerial meeting in Heidelberg, involving the Balkan countries and other countries, a discussion on European values and education's contribution was conducted. Cooperation with the Mediterranean area was increased by the first EUROMED Ministerial Conference held in Cairo.

➤ **Modern European transport policy**

An efficient, sustainable and secure transport system is vital for strengthening Europe's competitiveness and encouraging growth. Particularly regarding air transport significant progress was achieved:

The conclusion of a comprehensive air transport agreement with the USA means that a new legal framework has been drawn up which, in the final analysis, aims to create a shared, open airspace. Agreement was also reached with Russia on the complete abolition of the existing system of payments for Siberian overflights by 2014.

The Council resolution of 8 June 2007 on the formal establishment of the SESAR Joint Undertaking enabled the course to be set for the development of the necessary technology to create a new-generation European air traffic management system. The general approach reached by the Council on the review of the third package of air-transport liberalization measures, in addition, represents a major step towards improving market efficiency, security and the protection of passengers. The agreement reached on the extension of the tasks of the European Aviation Safety Agency (EASA), too, is an important building-block towards further enhancing air safety. These measures, *in toto*, clearly strengthen the competitiveness of Europe's air-transport industry.

Following eight years of discussion, the German Presidency succeeded in reaching an agreement with the European Parliament on the Regulation on Public Transport Services. The

retention of Germany's public-transport system has been safeguarded for the long term and the competencies of the local public transport providers maintained in line with the subsidiarity principle.

In the maritime field political agreement was achieved, among other things, on three dossiers from the "Third Maritime Safety Package" (on the creation of an EU-wide surveillance and information system for maritime transport, on Port State Control and on the drawing up of principles for investigating maritime accidents). Progress was made in the talks on the proposal for a regulation on the liability of maritime passenger transport providers for accidents at sea and in inland waters.

The negotiations on the Third Railway Package using the conciliation procedure were also successfully completed. This clears the way for a uniform European train driver's licence, the strengthening of customer rights and the opening-up of international passenger services, including cabotage.

Major progress was also achieved on "cross-acceptance" (the mutual acceptance of rail vehicles). The aim is to facilitate the issue of permits for rail vehicles for international services, thus saving both time and money.

In the area of road transport a rapid agreement was successfully reached on the directive to retrofit heavy goods vehicles with safer wing-mirrors to combat the problem of the "blind spot". This is a sizeable contribution to the EU's goal of reducing traffic deaths in the EU by half by 2010. The conclusions adopted at the eSafety expert conference in June are also steps towards greater road-traffic safety in the EU.

As a whole, the Presidency succeeded in clarifying the status of the Galileo satellite-based navigation system and in laying the foundation for the reorientation of the project, and thus in preparing the final decision on the project's continuation. On the initiative of the Presidency, the March Transport Council issued an ultimatum to the business consortium to continue the talks on the concession for the creation and operation of the system, and called on the Commission to evaluate the negotiations and present possible alternative scenarios. This situation made it clear that continuing the current PPP (private-public partnership) model was not practicable, as this would delay the start of the system by several years and the public side would in the medium term be facing a considerably higher financial burden. Therefore, at the suggestion of the German Presidency, the Council voted unanimously to break off negotia-

tions with the merged consortium. At the Presidency's initiative, the Commission will elaborate proposals for Galileo's financing and procurement strategy, on the basis of which the Ministerial Council will make a final decision in autumn 2007.

➤ **Integrated maritime policy**

In May the Presidency organized a high-level conference in Bremen aimed at promoting growth and jobs in the maritime sector in the spirit of the Lisbon Strategy, while protecting the marine environment. As part of an integrative marine policy, all sea-based economic activities are to be involved, as well as issues of sustainability and life in coastal regions. The Commission will present proposals on this subject in October.

➤ **Modern cultural and media policy**

The Presidency's central project aimed at promoting Europe's cultural identity and diversity was the revision of the Television Without Frontiers Directive. After long and difficult negotiations the Presidency succeeded in reaching a consensus, for example on the country of origin principle, product placement and advertising guidelines.

This will adapt the legal framework for television services to technological developments, particularly those involving the Internet and digitization, and create equal opportunities for the various audiovisual media services. At the same time the basic values of democratic societies such as respect for human dignity, youth and consumer protection, media pluralism and cultural variety will be safeguarded. The modern regulatory forms of co- and self-regulation are anchored as the directive's possible implementation instruments, and its significance and prerequisites were the subjects of an EU media conference held in Leipzig in May 2007.

Major impulses for cultural work in Europe were supplied by the "Council Conclusions on the contribution of the cultural and creative sectors to the achievement of the Lisbon Strategy", which underlined these sectors' importance to growth and jobs in a competitive Europe. Initial concrete proposals were made on the promotion of cultural SMEs, business training for creative professionals, and improved cross-cutting coordination at European level. The significance of the creative economy was accentuated.

The successful implementation of a number of expert events in cultural and media policy issues (including digitization, the creative economy, protection of cultural diversity and media regulation) and the two Brussels exhibitions "Visit(e)" and "Blicke auf Europa" represented a coherent and sustainable European cultural and media policy.

➤ **Efficient, citizen-oriented administration**

In the field of European public administration cooperation (the European Public Administration Network (EUPAN)) the German Presidency succeeded in making the impact of demographic change the focus of future cooperation in EUPAN. In addition the social dialogue between the EUPAN members and the European trade unions was enhanced, and joint guidelines for guaranteeing the quality of public services (Citizen Charters) were drawn up and adopted. In this regard a major role was also played by issues of customer satisfaction and a customer-oriented public administration.

The German Presidency also succeeded in bringing about an agreement between the Member States on the main preconditions for the creation of a joint electronic communications forum for the common administrations (e-government).

Safeguarding employment and shaping Europe's social future

➤ **Further developing the European Social Model**

The German Presidency made it clear that Europe is more than just a common market. The debate on the European Social Model was continued and fleshed out with concrete proposals, and shared values and the need for joint aims and social standards was emphasized. The significance of social policy as part of the Lisbon Strategy was clearly underlined and it became visible that a competitive and social Union is feasible. As a whole the social dimension of European integration was strengthened – also beyond Europe's borders within the framework of the successful EuroMed Conference held in Berlin in March.

During the Spring European Council it was agreed that the social dimension has special significance for Europe. In its conclusions the Council reiterated the need to strengthen the social Europe, to further develop the European Social Model and to take greater account of the Member States' shared social aims within the scope of the Lisbon Strategy. This has a

considerable impact on acceptance both of the ongoing reform policy and of European integration.

During Germany's Presidency the Commission introduced an initial interim report on the social situation into the debate and thus opened a consultation procedure. The results of that procedure are to be incorporated into the half-time assessment of the European Social Agenda scheduled for 2008 and be closely connected with the debate on the future of the Internal Market.

Flexicurity and "good work": The flexicurity approach was specified, and it was made clear that each country has its own method of finding the correct balance between flexibility and security. In harmony with the two subsequent Presidencies, the principle of "good work" is particularly emphasized. Under that heading a Council resolution was adopted on the new 2007–2012 Community strategy for health and safety at work, one of the core fields of "good work", which also include working conditions, basic and further training, fair wages, employee rights, family-friendly work organization and equal opportunities. In that resolution the Member States reiterate their desire to reduce accidents at work in Europe by 25% by 2012.

The adopted directive on simplifying and rationalizing safety-at-work reporting represents a major step towards simplifying Community law and systematically evaluating European safety-at-work guidelines.

Mobility and social security: Important progress was achieved in making employee mobility easier. Building on the preliminary work done by the Finnish Presidency, the work on the directive containing minimum requirements for improving the claims procedure and the receipt of supplementary pensions was continued. The Commission will present a modified proposal which takes the EP vote into consideration. Regarding the coordination of the social-security systems, the consultations on the chapter of health insurance were completed.

➤ **Strengthening cities, regions and rural areas**

During the Informal Meeting of Ministers for Urban Development and Territorial Cohesion in Leipzig in May 2007 agreement was reached on common principles and strategies for urban and spatial development policy. For the first time old and new Member States are pursuing a common purpose. The adopted documents underline the role and responsibility which regions

and cities also have in implementing the Sustainability and Lisbon Strategy. The Leipzig Charter on Sustainable European Cities and the EU's Territorial Agenda create a European framework for action by Member States in order to combat climate change, demographic change and the effects of global economic change on cities and regions. The Member States also call for urban-development and building-cultural concerns to be taken into account to a greater extent when developing sector policies at EU level.

On the initiative of the German Presidency the Informal Meeting of Agriculture Ministers in May pointed out the special challenges facing the rural regions in which over half the EU's population lives and works. It became clear that a package of measures was needed going far beyond mere promotion of agriculture. Based on a Commission report the Agriculture and Fisheries Council adopted conclusions on improving the employment situation in rural areas which reiterated the key role played by the retention and creation of modern jobs in the rural areas. These must be equipped with modern infrastructure to provide an attractive living environment for young people and families. The Commission was tasked with carrying out further analyses of the employment situation, and in particular on linking rural areas to modern information technologies.

➤ **Opportunities and challenges of demographic change; promoting equal opportunities and participation in the labour market**

In view of demographic change the EU countries are facing complex challenges. At the same time a sustainable family policy is vital if the growing decline in the birthrate observed in many EU Member States is to be reversed.

Against this background the "European Alliance for Families" initiated by the German Presidency met with broad support. This provides a platform for exchanging best practices across the spectrum of family-friendly policies (compatibility of family and career, caring for children and older, infirm family members, generation equality, etc.). Another focus was the shaping of demographic change, special emphasis being placed on the economic and societal potential of older people.

As regards equal opportunities and participation in the labour market, the Presidency succeeded in bringing about discussion and agreement on necessary improvements in European and national policies for various target groups. This applies both to disabled persons and to people threatened by poverty. At the initiative of the German Presidency the Council

adopted a joint report by the Employment and Social Protection Committees on active ageing which contains good examples and which makes a contribution towards learning from each other.

During the first joint meeting of EU ministers for gender equality and family affairs, new impulses were provided for close cooperation between gender-equality and family policy to improve equal opportunities for men and women. A Trio Presidency initiative was started aimed at pursuing gender equality consistently in the long term.

In addition the German Presidency's initiatives for a stronger cross-sector youth policy and a more visible political relevance for the Youth Council met with undivided support. In this way a consensus was reached on improving equal opportunities, societal participation and professional integration for all young people – particularly in implementing the European Pact for Youth.

➤ **Innovative and preventive health policy, food and sport**

In the light of demographic change, among other factors, the issue of health is becoming increasingly important. At the same time the health sector has high growth potential. The agreement on the directive on medicines for new therapies will markedly increase the EU's competitiveness in key biotechnological fields. This directive includes genetic therapies, somatic cell therapies and the up-and-coming field of tissue engineering, and makes a vital contribution towards improving the quality and safety of these innovative products in Europe.

The new medicinal-products directives were also adopted during the first reading. This ensures that the citizens have continued rapid access to state-of-the-art medical technologies of the highest safety standards. These new standards help not least to further strengthen the competitiveness of the European and especially the German medicinal-product industries.

Prevention and the promotion of a healthy lifestyle were the focuses of the German Presidency. This applies particularly to HIV/AIDS. It became clear that in this case effective prevention requires the active participation of civil society. Regarding AIDS therapy, the pharmaceutical industry has for the first time declared, at the initiative of the Presidency, that it is willing to negotiate on prices for HIV/AIDS medicines with EU Member States and neighbouring countries particularly affected by high prices for these drugs.

On the necessary content of a future regulation on cross-border health services, the Member States have expressed their willingness to actively shape the future development of such services, with the aim of achieving ambitious regulations which give legal security to patients and providers while maintaining national options for action.

Another important contribution was the adoption of Council conclusions on the theme of preventing overweight based on the "Badenweiler Declaration". This supports the relevance of the White Paper presented by the Commission on diet, physical activity and health, as well as a joint strategy at Member State and EU level aimed at preventing bad diet, lack of activity, overweight and resulting diseases.

To further intensify anti-doping also at European level, the Member States decided to better network their national anti-doping organizations. Alongside this, work on creating a "sport satellite account" was advanced. This will enable the economic effects of sport, for example its share of GDP and the number of sport employees, to be ascertained.

Safeguarding Europe's natural environment

➤ Promoting environmental protection

The Member States are likely to agree, on 28 June, on a common position on the review of the Waste Framework Directive, which further supports recycling and thus the reuse of waste, while at the same time increasing legal security for the recycling industry. This new directive is a good practical example of Better Regulation, as it integrates various existing legislation and introduces clear definitions for waste management. The agreement of 28 June to limit the concentrations of certain dangerous chemicals in water is also likely to be a major step towards improving water quality.

With a view to the Conference of the States Parties to the Convention on Biological Diversity which takes place in May 2008 in Germany, as well as to the Conference of the States Parties to the UN Convention to Combat Desertification in September 2007 in Spain, the Member States set ambitious aims in order to take ground-breaking decisions. In the field of environment financing mechanisms (Life +) the Presidency succeeded in completing the conciliation procedure, thus enabling the EU to provide 2.1 billion euro by 2013 for promoting environmental-protection projects. In addition, the political agreement on the

directive on the banning and safe storage of metallic mercury will considerably lessen the health risks, not only in Europe.

During the 14th Conference of the States Parties to the Washington Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) held from 3 to 15 June 2007 in The Hague, a major breakthrough in the regulation of the ivory trade was achieved after years of negotiation; a nine-year moratorium was agreed. Represented by the Presidency, the EU played an important role in mediating between the African countries at the conference.

➤ **Modern, competitive and sustainable agricultural and fisheries policy**

One of the overarching aims of Germany's Presidency in the agricultural sector was to simplify EU law and control regulations and help achieve a reliable, practice-oriented and citizen-friendly Common Agricultural Policy, to reduce bureaucracy and to increase transparency. This was done, among other things, by merging the existing 21 Common Market Organizations into one standardized organization, thus replacing around 50 Council directives. At the same time the Presidency was able to take an important step towards simplifying the agricultural sector with the Council conclusions on "cross-compliance", adopted in agreement with the Commission. The agreement on reforming the CMO for fruit and vegetables was a major advance towards completing the 2003 agricultural reform, thus improving the sector's competitiveness and simplifying a large number of regulations. For example, the processing aid will be gradually decoupled from production and export reimbursements stopped. Crisis-management measures will be introduced and environment-friendly measures in the sector promoted.

Regarding the "food package" – food additives, enzymes, a uniform authorization procedure – the Council agreed on a general approach and, regarding flavourings, heard a progress report. The aim of the package is in particular to preserve the preventive nature of consumer protection on health by introducing a uniform and efficient procedure for authorizing additives, enzymes and flavourings. Apart from this, existing legislation is to be made simpler and adapted to technical progress. For the first time EU-wide harmonized regulations for food enzymes were laid down.

Concerning animal welfare, following several years of consultation, the Presidency succeeded in setting EU-wide minimum standards for broiler-chicken husbandry. In addition, a

Community-wide ban on the import of cat and dog fur was decided, thus sending a clear signal against inhumane practices. The ban will come into force on 1 January 2009. The agriculture ministers also adopted conclusions on uniform labelling of humanely-produced meat products in the EU (animal-welfare labelling).

In the fisheries sector, the adoption of several protection plans (Baltic cod, European eel, red tuna) and a binding definition of driftnets represents a contribution towards more sustainable use of fisheries resources and the protection of fish stocks. In addition initiatives to combat illegal fisheries were taken up. The fisheries agreement with Greenland secured important access to that country's fishing areas for European fleets for the coming years.

IV. An area of freedom, security and justice

The further development of the area of freedom, security and justice in Europe was of central importance to the German Presidency, as citizens expect decisive action and more cooperation on the part of the EU in preserving their peace and security. The Presidency thus aimed to strike a balance between improving security at open internal borders on the one hand, and strengthening civil rights and generating more legal certainty on the other. Under the motto "Living Europe Safely", a conscious effort was made to place the interests of the citizens at the centre of European home affairs policy.

At the same time, the Presidency addressed the future shape of the area of freedom, security and justice, and the task of strengthening it after 2010. To this end, an informal high-level group on the future of European home affairs policy was set up on the initiative of the German Presidency. This should ensure the continuation of the successful Tampere and Hague programmes.

Strengthening security, controlling migration and promoting integration

➤ Close police cooperation and a united front in the fight against terrorism

The Presidency was able to make tangible progress in cross-border cooperation. Within just six months, a political agreement could be reached to incorporate the most important parts of the Prüm Treaty into the EU legislative framework. The Treaty provides for mutual access to national databases on fingerprints, DNA and vehicle registration information, significantly facilitating police cooperation.

The basic agreement to convert the Europol Convention into a Council Decision by 30 June 2008 – a move which will strengthen the operational dimension of Europol – will also contribute to greater security in Europe, particularly as regards joint efforts to combat terrorism. However, certain difficult questions concerning financing and personnel are still to be resolved between the Member States.

Cooperation between the Member States in monitoring and assessing terrorist activity on the internet was further strengthened by the successfully launched "Check the Web" project. Thanks to an information portal set up by Europol in May 2007, the Member States are now able to exchange and pool their findings.

Last but not least, the political agreement on the incorporation of the Prüm Treaty into EU legislation and on the decision granting the security authorities and Europol access to the future Visa Information System (VIS) has laid the foundations for the European Information Network. The network is to ensure that the relevant police and security authorities of the Member States as well as Europol and Eurojust have access to EU information systems (e.g. SIS, VIS, EURODAC and Customs Information System), as far as this needed for them to fulfil their duties in the area of combating terrorism and serious cross-border crime, and will improve operational cooperation between police, customs and other responsible security and criminal authorities.

The interim agreement between the EU and the US on the use of passenger name records (PNR) expires on 31 July 2007. A new agreement must be concluded by this time. Through intensive and difficult talks with the US, the German Presidency, supported by the Commission, has managed to make a good deal of ground on this project. The new agreement is to create long-term legal certainty for all concerned, ensure high standards of security and provide robust data protection.

➤ **Coherent asylum and migration policy**

With the extension of the global approach to migration to the eastern and south eastern neighbouring regions of the EU, an important aim of the Presidency has been fulfilled. The adoption of a concrete package of measures allows for more intensive cooperation with these important countries of transit and origin – not least within the scope of efforts to strengthen

the European Neighbourhood Policy – and provides an effective counterbalance to the current focus of EU migration policy, namely the Mediterranean region and Africa.

The discussion on potential comprehensive EU partnerships with third countries will be continued on the basis of the Commission Communication on circular migration and mobility partnerships between the EU and third countries.

A major success was marked by the conclusion of consultations on the Visa Information System Regulation, a process stretching back to the beginning of 2005. The system will serve as an important instrument for close cooperation in implementing a common visa policy, simplifying visa procedures and combating illegal immigration and visa shopping. Together with the agreement on limited VIS access for the security authorities of the Member States on the one hand and for Europol on the other, a coherent approach to combating terrorism and strengthening the area of freedom, security and justice is now taking shape.

Within the scope of common readmission policy, relevant agreements with the countries of the Western Balkans were initialled. At the same time, negotiations on visa facilitation with these countries could be concluded. These are to play an important role in stimulating direct contacts. On the initiative of the German Presidency, an agreement was reached to extend practical cooperation in repatriating nationals of third countries. The duties of the border management agency FRONTEX in the area of joint repatriation measures were more clearly specified.

➤ **Integration and intercultural dialogue**

The integration of migrants is one of the greatest political and social challenges in Europe. In order to strengthen the existing exchange of information and experiences, it was decided that the role of the National Contact Points set up at expert level should be extended.

Intercultural dialogue has become an important instrument for successfully integrating migrants. The meeting of EU integration ministers organized by the German Presidency was able to provide the impetus for a European-wide dialogue.

➤ **More effective protection of external borders**

Removing internal borders makes Europe visible to the citizens and highlights the benefits of European integration. But if border controls are to be renounced completely, it is vital to establish appropriate standards, such as a sufficient level of protection at the common external borders. It also means securing the participation of the new Member States in the Schengen Information System (SIS). The German Presidency was thus careful to ensure that work to this end remained on schedule. It also made sure that no further delays were incurred in the introduction of the SIS II, a system which will further improve security.

Germany was also successful in strengthening the border management agency FRONTEX. The adoption of the Regulation on the establishment of Rapid Border Intervention Teams allowed for the creation of a pool of border police experts who – at the request of a Member State – can be deployed under the coordination of FRONTEX in the event of particularly high levels of immigration. The Regulation also provides in future for guest officials to be entrusted with executive powers within the scope of all joint operations carried out under the aegis of the agency. This will significantly boost the effectiveness of joint measures. Member States also agreed that FRONTEX would receive a large number of new resources, including patrol boats, aircraft and helicopters. The coast patrol network jointly operated by eight Member States at the southern sea borders began work at the end of May.

Strengthening freedom and justice

➤ **Strengthening civil rights**

As far as striking a balance between security and civil rights is concerned, the planned Framework Decision on the protection of personal data processed in the framework of police and judicial cooperation in criminal matters represents an important project. A completely revised draft elaborated by the German Presidency has simplified negotiations on the Framework Decision to a considerable degree, and these are now to be concluded by the end of 2007.

In a development of particular note, stalled negotiations on a draft Framework Decision on combating racism and xenophobia could be restarted and brought to a conclusion. The decision seeks to harmonize as far as possible the laws and regulations of Member States with

regard to offences involving the dissemination of racist and xenophobic comments in particular.

On the subject of forms of media which glorify violence, the German Presidency sent a comprehensive questionnaire to each Member State and consolidated the results in a report. This up-to-date review allows Member States to learn from each other and to follow examples of best-practice.

In spite of the great majority of Member States in favour of introducing minimal standards in criminal proceedings also as regards domestic cases, an agreement is yet to be reached on the Framework Decision. The European Council further encouraged the Member States to reach an agreement. How this can be achieved will only become clear following the conclusion of talks on the constitutional reform process.

On 1 March 2007, the EU Fundamental Rights Agency was able to take up its work.

➤ **More legal certainty for citizens and business**

Citizen-friendliness was a key aim of the German Presidency. The important breakthrough in negotiations on the Consumer Credit Directive will allow consumers in future to choose the best offer across Europe. It was also possible to adopt the Regulation establishing a European small claims procedure, which helps citizens to assert claims more quickly in cross-border cases, as well as the amended version of the Regulation on the service of documents, which will provide for documents to be transmitted to other Member States more quickly and at lower cost.

The increasing mobility of European citizens and the need to protect their freedom of movement demand that a predictable legal framework be created. To this end, projects in international family and private law were pursued. These included specifically:

- Consensus on guidelines for cross-border assertion of maintenance claims (Regulation on maintenance claims), e.g. abolition of *exequatur*
- Agreement on guidelines relating to the law applicable in matters of divorce (Rome III)

- Agreement on a series of regulations regarding the law applicable to contractual obligations (Rome I)
- Conciliation agreement on law applicable to non-contractual obligations (e.g. in the event of road traffic accidents, Rome II).

Following on from the Commission Communication of 4 April 2007, the German Council Presidency held discussions at expert level on key issues of enhancing the patent system in Europe. These resulted in a progress report summarizing the results achieved in consultations in the Council working group on patent law so far, and laying the ground for its work in future.

A further step in the harmonization of company law was taken with the conclusion of the Directive on shareholders' rights.

➤ **Strengthening the justice system and practical cooperation**

Here, the German Presidency was concerned with the quick and effective transfer of information. Member States were able to agree on a Framework Decision on the transfer of prisoners. Under certain conditions, Member States in future may be obliged to recognize and carry out a custodial sentence imposed by another Member State. Moreover:

- Agreement on a Framework Decision on the exchange of information extracted from criminal records between Member States. The model for the electronic linking of criminal records is the pilot project initiated by France, Spain, Belgium and Germany.
- Agreement on essential principles regarding the mutual recognition and supervision of probation conditions imposed in another Member State. This is intended to promote the reintegration of offenders into society, thus reducing the risk of recalcitrance, and better protect the victims of crime.
- Adoption of an EU project for further efforts in the field of "e-justice" with the aim of improving electronic communication between the Member States to a noticeable extent and continuing work on the basis of decentralized structures – not least in the area of justice – through greater interoperability between systems.

V. Shaping common foreign and security policy, external economic policy and development policy

The EU was also able to demonstrate its effectiveness as a global player on the international stage. The foreign political climate during the German Presidency was characterized by a number of highly-complex, unresolved international problems: the Kosovo status process, the situation in the Middle East, which – in spite of increased international efforts – remains difficult, the fruitless efforts to prevent Iran from developing nuclear capabilities and the precarious situation in Sudan/Darfur.

The period of the German Presidency saw summit meetings with all non-European G8 partners – the US, Russia, Canada and Japan – at which far-reaching decisions could be taken on economic issues in particular. The meetings also produced important contributions to the G8 Summit in Heiligendamm.

➤ Enlarging the EU and expanding the European area of security and stability

Priorities in this topic were:

- Strengthening the European Neighbourhood Policy (ENP): with the endorsement of the German Presidency's progress report on the ENP by the European Council, a general consensus was reached on the future profile of the ENP. In concrete terms, medium-term measures involving all partners were set in motion, such as better access to the EU internal market, enhanced cooperation in the field of energy, new special-purpose finance facilities within the scope of the Neighbourhood Instrument (Governance Facility, Neighbourhood Investment Fund, as well as enhanced joint management of migration. Moreover, ENP partner countries were given the opportunity to participate in certain Community agencies and programmes. Negotiations were launched with Ukraine on an enhanced agreement with the EU. Agreements on visa facilitation and readmission were also signed with the Ukraine and successfully negotiated with the Republic of Moldova. A Black Sea Synergy initiative was launched, which envisages, among other things, measures to strengthen regional cooperation in the areas of the environment, energy, transport and security.
- A stronger EU focus on Central Asia: with the endorsement of an EU Strategy for Central Asia by the European Council, an unprecedented political framework for enhanced EU

engagement in this region of increasing strategic importance could be developed and EU interests in the region defined. Priorities include cooperation in the areas of security, the environment and energy, as well as promoting the rule of law, democracy and human rights. The strategy lays the basis for both intensive bilateral and regional cooperation with the countries of Central Asia.

- Intensifying EU relations with Russia: results in this respect were mixed. On the one hand, both parties affirmed at the Samara Summit that there was no alternative to the strategic partnership. Moreover, tangible progress was made in energy cooperation (creation of an early warning mechanism for energy), investment security (establishment of an expert dialogue) and in the fields of education and research. On 1 June, agreements on visa facilitation and readmission entered into force. On the other hand, the launch of negotiations on a successor to the PCA Agreement remains blocked due to the ongoing dispute over the export of Polish agricultural products to Russia. From the EU's point of view, it was important to represent a clear and united position.

- Western Balkans: the Kosovo status process was actively accompanied by the EU, which presented a united front based on the proposals of Special Envoy Ahtisaari. Preparations for an EU mission in Kosovo following the status decision (civilian ESDP mission, EU Special Representative) could be brought forward considerably. As regards relations with Belgrade, the EU's approach of formulating clear criteria for Serbian rapprochement to the EU and at the same time pursuing constant dialogue with the Serbian Government paid off. As a result, negotiations on a Stabilization and Association Agreement with Serbia could be relaunched on 13 June.

- Enlargement: in accession talks with Croatia, seven further chapters could be opened. The screening process could also be definitively concluded. This paves the way for further steps forward of scale in the next few months. Negotiations with Turkey were continued on the basis of the Council Decision of December 2006, and three further chapters could be opened during the German Presidency.

➤ **Multilateral engagement, active crisis management and non-proliferation**

The EU played a significant role in efforts to resolve crises outside Europe:

- Iranian nuclear programme: we were able to extend the European initiative (E3/EU) to include the US, Russia and China (E3/EU+3). The two-pronged approach favoured by the E3/EU+3 of applying pressure on the one hand and offering talks on the other was pursued consistently and with the support of all EU Member States. The harsh and confrontational line taken by the Iranian leadership unfortunately did not allow significant progress to be made in resolving the problem. The UN Security Council sanctions (Res. 1737, 1747) were implemented by the EU.
- Middle East: With the revival of the Middle East Quartet and its support for the Arab Peace Initiative, the EU managed, despite the recent negative developments in the region, to lend international cooperation new momentum. However, success in the Middle East peace process essentially hinges on the resolution of the conflict between Palestinians. Following the seizure of power by Hamas in the Gaza Strip and the establishment of an emergency government, a package of measures was prepared by the German Presidency with the support of President Abbas in order to stabilize the situation in the West Bank.
- The EU has become actively involved in Lebanon. European troops account for a large share of the UNIFIL mission charged with maritime surveillance of the UN arms embargo. The EU is also providing extensive support for civilian reconstruction efforts. The establishment of the special tribunal was largely driven forward by EU Member States.
- Sudan/Darfur: the EU has actively supported the mediation efforts of the UN and the African Union (AU). The funding gap in the AMIS mission pending the transition to what will hopefully be a AU-UN hybrid mission at the end of 2007 could be largely closed, thanks to the reallocation of resources from the European Development Fund and voluntary national contributions (including a significant contribution from Germany) initiated by the Presidency and the Commission.
- Afghanistan: building on German bilateral engagement, an ESDP police mission involving up to 160 police personnel was initiated. The mission began work in mid June. At the same time, the Commission decided to launch a justice project in close coordination with the ESDP police mission.

In the area of disarmament, arms control and non-proliferation, the main concern was to strengthen the multilateral regulatory framework. The EU has played an active role in discussions aimed at finding solutions to the multilateralization of the fuel cycle. These

solutions should effectively take into account the sensitive elements of the fuel cycle, not least in view of existing concerns about proliferation. Federal Minister Steinmeier has made a proposal which would allow states planning to use nuclear energy for peaceful purposes to participate in an enrichment centre under the administration of the IAEA

In view of the major foreign and security policy challenges posed by climate change, the German Presidency requested that the link between climate change and international security be placed on the EU agenda. Secretary-General/High Representative Solana and the Commission were given a mandate by the June European Council to present a joint report on this topic to the March Council in 2008.

➤ **Strengthening the CFSP and the ESDP**

The role of the Secretary-General/High Representative was strengthened; Mr Solana assumed the chair for a dozen EU meetings with third countries. As part of the so-called Hampton Court follow-up, it was decided that a civilian headquarters should be set up within the Council Secretariat. This should provide much greater efficiency in the planning and conduct of civilian ESDP missions. Under German leadership, important impetus was given to improve the military strategic planning capabilities of the EU. Moreover, the EU Operations Centre was declared ready for action and was activated for the first time as part of a training exercise. The civilian ESDP missions in the Gaza Strip and the Democratic Republic of the Congo were extended. In the area of developing military capabilities, important parts of the catalogue of steps forward for the Headline Goal 2010 were drawn up. Following the announcement at the beginning of the German Presidency that the EU Battlegroups were fully operational, the EU's capacities for rapid military response to crises were further developed. This process included an initiative developed by the German Presidency together with the subsequent Portuguese and Slovenian Presidencies which seeks to overhaul the EU's concept for rapid military response to crises.

➤ **Strategic partnerships and an active external economic policy**

At the summit meeting with the US on 30 April, the transatlantic economic partnership and cooperation in the areas of energy and climate policy were strengthened. The Framework for Advancing Transatlantic Economic Integration lays the foundations for more effective cooperation in reducing the unnecessary duplication of controls. The framework also sets out a number of lighthouse priority projects aimed, among other things, at protecting intellectual

property rights, better reconciling financial reporting and accounting principles, reducing obstacles to investment and promoting innovative technologies. Tangible steps forward are to be taken on these projects by the next EU-US Summit. The new institutional backbone is the Transatlantic Economic Council, which will report directly to the EU-US Summit. Furthermore, a comprehensive Air Transport Agreement was signed. In the area of foreign policy, it was agreed that the US would for the first time take part in a civilian ESDP mission (in Kosovo).

The Summit meeting with Canada (4 June) also resulted in agreements to strengthen economic cooperation, launch negotiations on an air transport agreement and pursue close cooperation in Afghanistan. In the area of energy and climate policy, the EU and Canada agreed on enhanced cooperation with regard to a comprehensive international climate protection regime for the period after 2012.

The EU-Japan Summit on 5 June resulted, among other things, in an agreement to strengthen cooperation in protecting intellectual property rights as well as in research and innovation.

With the Nuremberg Declaration on intensified EU-ASEAN partnership, the two regional organizations established cooperation of a new quality in five priority areas (politics/security, economy, energy/climate change, development and civil society). Initiatives included a first EU-ASEAN Summit (Troika), which will take place on 22 November 2007 in Singapore. A meeting of the 45 ASEM Foreign Ministers in Hamburg secured a pledge to support a comprehensive international climate protection regime for the period after 2012 within the framework of the UN.

As a basis for the joint EU-Africa strategy, which is to be adopted at the EU-Africa Summit in December 2007, laying the foundations for a new partnership between the EU and Africa, an outline paper was drawn up between the European and African sides. The paper, which was endorsed at ministerial level by the EU-Africa Troika on 15 May, marks out the framework for the joint strategy and represents an important element of the preliminary work.

The close cooperation between the EU and UN was strengthened by a joint declaration on cooperation in international crisis management.

➤ **Strengthening trade and Europe's international competitiveness**

The German Presidency made determined efforts to ensure a further opening of international markets for European goods, services and investments, and continues to attach great importance to an ambitious conclusion of the Doha development round.

The bilateral trade agreements sought by the EU with selected partners (ASEAN, India, South Korea), but also the association agreements with Central America and the Andean Community complement the multilateral trade system in a useful way. Mandates for negotiations were successfully adopted, while preliminary negotiations have already begun with Asian partners and the Andean Community. Moreover, there have been extremely intensive talks on the free trade agreement with the Gulf Cooperation Council. These are to be brought to a successful conclusion by the end of the year if possible. Negotiations on a comprehensive Partnership and Cooperation Agreement were also launched with China.

Anti-competitive behaviour, as well as unfair trade practices such as dumping, unlawful subsidies, the violation of intellectual property rights or forced transfer of technology were rigorously addressed during the German Presidency within the existing EU regulatory framework. The objective remains to strengthen international competition by combating unfair trade and subsidy practices and to ensure open global markets. The unbiased assessment of trade policy instruments in the form of the Green Paper discussion was continued and a Member States' position was more clearly specified. Moreover, consensus was reached on essential points for bringing the EU's market access strategy up to date.

In a concrete step towards boosting Europe's competitiveness and capacity for innovation, the German Presidency organized a Ministerial Science Conference of the EU and India in New Delhi (7/8 February), at which participants agreed on close cooperation in the fields of health research, environmental protection and energy security in particular. This provided new impetus to EU cooperation with an important strategic partner.

➤ **Promoting sustainable development**

The German Council Presidency was able to fulfil expectations in terms of providing new impetus to EU development cooperation. Thanks to tangible contributions to reducing poverty and reaching the Millennium Development Goals, particularly in Africa, Europe's

commitment to development has – in a spirit of close dialogue with the partner countries and civil society – been further strengthened.

As regards economic partnership agreements with the countries of Africa, the Caribbean and the Pacific (ACP states), the aim of putting trade policy to the service of effective poverty reduction and sustainable economic development has been achieved: the EU Member States agreed on a wide-ranging package offering ACP states greater access to the internal market, as well as on extremely long transitional periods for the protection of development-sensitive products and sectors in the ACP states. In this way, the EU could add convincing political substance to its concept of an asymmetrical and flexible opening of the market which serves to support development. Also adopted was an accompanying package of trade assistance qualitatively and quantitatively attuned to the aims of development policy. Through this and through direct dialogue between the EU Member States and the ACP states, important steps were taken towards a timely and development-friendly conclusion of the economic partnership agreements.

In the context of Europe and Africa's common interests in the field of energy (security of supply, access to sustainable energy services, climate protection and poverty reduction), the German Presidency strongly supported the creation of a comprehensive and long-term EU-Africa energy partnership, to be agreed within the framework of the common EU-Africa strategy at the EU-Africa Summit at the end of 2007 (see above).

In the area of HIV/AIDS, Germany took the initiative of orienting the EU's HIV/AIDS strategy towards protecting women, strengthening funding aimed at combating the most dangerous infectious diseases and supporting health systems in the affected countries. This is complemented by decisions to reduce the recruitment of health experts from developing countries.

Furthermore, a Code of Conduct for the Division of Labour in the EU was decided: more efficient coordination of donors is to reduce the burden on the partners and increase the effectiveness of EU aid. With this initiative, Europe is asserting its pioneering role in implementing the Paris Agenda. The Council reaffirmed the planned increase of official development assistance (ODA) and reported that the EU had, with an ODA share of 0.42% of gross national income, more than fulfilled its Monterrey obligations – an important step in reaching the next target of a 0.51% share by 2010. The Member States undertook to present appropriate implementation plans by the end of the year. The topics of equal opportunities for

men and women, as well as employment and dignified work were also strengthened in development policy. Finally, the implementation of EU funding instruments (instrument for development policy, 10th European Development Fund) was specified for the coming years.

On the whole, therefore, during the German Presidency a decisive contribution could be rendered to making European development policy fit for the future.