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THE BLACK SEA MONITOR

The ICBSS has identified the need for a special circular on developments in and around the Black Sea region that goes beyond the mere news brief format. Therefore, the Centre has set up an electronic review focused particularly on the Black Sea region, aiming to provide stakeholders and other interested parties around the globe with an exclusive information service. The Monitor offers brief commentaries and refers key documents, publications and events of interest that impact on the wider Black Sea region.



- COMMISSION STAFF WORKING DOCUMENT ACCOMPANYING THE COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON THE EASTERN PARTNERSHIP, SEC(2008) 2974/3 (BRUSSELS, 3 DECEMBER 2008), P.P.33-39
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- SPEECH BY OLLI REHN, EU COMMISSIONER FOR ENLARGEMENT, ON “ENERGY CHALLENGES IN NORTHERN EUROPE” AT THE PAN-EUROPEAN INSTITUTE 20TH ANNIVERSARY CONFERENCE (TURKU, 27 NOVEMBER 2008), P.P.44-46
- MAIN RESULTS OF THE EU-RUSSIA SUMMIT, EU PRESIDENCY PRESS RELEASE (NICE, 14 NOVEMBER 2008), P.P.46-47
- EU EXTERNAL RELATIONS COUNCIL, CONCLUSIONS ON THE EUROPEAN SECURITY AND DEFENCE POLICY (BRUSSELS, 10-11 NOVEMBER 2008), P.48
- COMMUNICATION FROM THE COMMISSION TO THE COUNCIL ON *A REVIEW OF EU-RUSSIA RELATIONS*, COM(2008) 740 FINAL (BRUSSELS, 5 NOVEMBER 2008), P.P.48-52
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Engaging the Black Sea Region: The Time for Action Is Now

The international order has entered into a new era. Barack Obama has taken formally the reigns of power in Washington, the dismantling of a number of Bush-era policies has begun and the expectations of hope across the globe take hold. Amidst an ongoing, evergrowing international financial and economic crisis (where estimates of negative growth globally for the first time since 1950 abound), and the realities of the aftermath of the killing fields of Gaza, Obama’s agenda is filled to the brim and bound to overflow.

The Black Sea region – a region encompassing the South Caucasus, Russia, Turkey, Ukraine and some of the European Union’s member states – will undoubtedly constitute a high priority region, not in the least due to the presence of Russia. The issues at hand are many, they are complex and they are challenging. They could augur instability as well as the potential for constructive, long-standing cooperation and stability. For one, an interesting challenge has to do with the sort of relationship that will emerge between Russia and the United States. Will the probable engagement of Russia by the Obama administration on a variety of longstanding global imperatives, elevate Russia to greater than regional power status as the Kremlin’s current leadership aspires? As a consequence, what will be the implications of this power shift on the Black Sea region as a whole?¹ How will another regional heavyweight like Turkey with aspirations for an ever greater regional and global role (participation in the G-20, role model as moderate Islamic country, Alliance for Civilizations co-chair, regional leader, etc.) react to greater Russian influence?

As things stand today, at least in the opinion of this analyst, some of the key issues are the following:

¹ Incidentally, in a recent article by Henry Kissinger on what the new US administration ought to do in the international arena, Russia is not mentioned even once. See Henry Kissinger, “The chance for a new world order,” *International Herald Tribune*, 12 January 2009.

1. Energy and energy security. The last chapter in the ongoing energy feud between Russia and Ukraine is a clear indicator of the importance of energy security for the region and its customers, especially the European Union. Oil and natural gas – together with their exploration, production, and transport – are commodities that flow across borders however tenuous these might be.

2. This shaken credibility in Ukraine and Georgia or to be more precise in their current leaderships to bring about the requisite transformation inspired by the Orange and Rose revolutions respectively has placed their eventual Euro-Atlantic integration on the back burner. The question remains as to whether this also implies the end of European integration for Ukraine in particular or a renewed effort to integrate based not on the undelivered promises of reform but on clear conditionality where a condition is cooperation with all its neighbours.

3. The redefinition of US-Russian relations as previously mentioned could and would seriously define whether the region enhances cooperation or is further divided. The impact on the uneasy status quo between Turkey and Russia is an important dimension. Turkey recently felt the limits of overreach when it received a firm rebuke from some EU states when it attempted to link its support for the Nabucco pipeline to its EU accession talks.²

4. The European Union's role in the region to date leaves much to be desired. EU leadership is needed but is it feasible? The EU is involved in the region in a number of fronts – it launched the Black Sea Synergy in 2007 and the Eastern Partnership in 2008. Both are ambitious policies though somewhat

contradictory policies calling for more engagement in the Union's Eastern neighbourhood. The Union has deployed since October 2008 a monitoring mission in Georgia (EUMM) under the European security and defence policy. It was also actively involved in mediating the Russia-Ukraine gas dispute. Finally the EU adopted in December 2008 a report beefing up its European Security Strategy by giving prominence to issues such as energy security, the various protracted conflicts, human security and greater engagement with the EU's neighbourhood. On the other hand, the lack of progress on the ratification of the Lisbon Treaty which would beef up the Union's foreign policy prospects, the continued inability to achieve consensus regarding the status of Kosovo (and hence its implication for separatist region of the Caucasus and their recognition) place serious restraints on the Union's ability to pull its weight in the region. For example, the inability to arrive on a *modus vivendi* with Russia on the development of their common neighbourhood continues to be a thorn for the EU.

5. Finally, a number of issues that are down the list in terms of priorities will eventually make their way up to the surface and will need to be handled by all stakeholders concerned. One such concern has to do with the future of the Russian Black Sea Fleet once the lease on Sevastopol expires in 2017. Reports of the construction of a naval base in Abkhazia actually suggest that the issue needs to be dealt with sooner rather than later. Beyond the tricky issue of the Fleet's future deployment, the economic impact of the withdrawal of the fleet on Sevastopol itself is a concern in itself. Ideas such as the one propounded by the city's mayor that Sevastopol become a Free Economic Area merit consideration. Another possible flashpoint has to do with Crimea's future.³ Imaginative solutions that assure its future within Ukraine need further study.

² On a visit to Brussels, Tayyip Erdogan, Turkey's prime minister said on 19 January 2009 that "if we are faced with a situation where the energy chapter remains blocked, we would of course rethink our position [on Nabucco]". Reacting to Erdogan's remarks, Germany's Economy Minister, Michael Glos said that "Turkey is engaged in 'political blackmail'. See "Turkey plays energy card in stalled EU accession talks," *EurActiv.com*, 20 January 2009 and "Turkey Blackmailing EU Over Gas Pipeline, German Minister Says," *dw-world.de*, 20 January 2009.

³ See, in particular, Merle Maigre, "Crimea – The Achilles' Heel of Ukraine," www.icds.ee, November 2008.

In light of the aforementioned concerns, what needs to be done? Conceivably, the countries of the region have to constructively work together either bilaterally or regional within the framework of existing cooperative arrangements such as the BSEC and others. This continued cooperation which in the BSEC, for example, has survived the August 2008 Georgian-Russian war acts as a confidence building measure or mechanism for all stakeholders. In this context, the European Union in its capacity as an observer to the BSEC needs to assert itself that regional cooperation is part and parcel of successful engagement and ever closer ties with its ENP East partners. A lesson from both Georgia's and Ukraine's recent troubles with Russia is that attention needs to be paid to their neighbour(s) while they seek to integrate with the West. In other words, further integration into euro-atlantic structures need not imply the severing of relations with powerful neighbours that have no such aspirations. Regional cooperation helps states eventually move away from zero sum thinking and actions. In fact, the BSEC together with other regional initiatives should actually be seen as promoting economic cooperation as a source of security "on the basis of a paradigm of security that is linked to democracy, respect for human rights and good governance."⁴

Hence, the question that remains is whether the European Union at 27 has the ability to lead and put to use the "smart power" paradigm which Hillary Clinton in her Senate confirmation recently expounded for her country.⁵ The transformative experience of the European Union is a manifold process which is sorely needed in the region. At a time when

the United States is putting its house in order and seeks to redefine its international relations; the Union is still coping to achieve coherence in its external action as the Lisbon Treaty escapes ratification.

The wider Black Sea region - part EU region and large part of its neighbourhood - seeks guidance, cooperative action and greater engagement by all stakeholders. Whether this is possible remains to be seen. For example, as was recently proposed at a conference on the Black Sea, the Russian proposal for a new Europe-wide security pact could be an opportunity for the EU to introduce and promote the notion of "overriding European interests" and include the dimensions of energy and energy security in the discussions on the shape of the new security framework. Simultaneously, the promotion of a set of commonly defined principles regarding energy and energy security in the BSEC or some other inclusive regional cooperation framework could also be another targeted action that engages all states of the region and obliges key energy producing and transit states to work with their neighbours. The time for action is now.

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⁴ See Felix Ciuta, "Region? Why Region? Security, Hermeneutics, and the Making of the Black Sea Region," *Geopolitics*, 13:1, 2008.

⁵ "We must use what has been called "smart power": the full range of tools at our disposal -- diplomatic, economic, military, political, legal, and cultural -- picking the right tool, or combination of tools, for each situation. With smart power, diplomacy will be the vanguard of foreign policy." Statement of Senator Hillary Rodham Clinton, nominee for Secretary of State, Senate Foreign Relations Committee, 13 January 2009.

**EU External Relations Council
Conclusions on Ukraine/Russia
(Brussels, 26 January 2009)**

Over lunch, Ministers debated bilateral relations with Ukraine and Russia.

The Presidency and the Commission presented events planned with Russia and Ukraine during the next six months, in particular as regards ongoing negotiations on successor agreements to the partnership and cooperation agreements with both countries, as well as political dialogue meetings.

In the case of Ukraine, negotiations on a new agreement are already well advanced. As for Russia, the negotiating process is at its beginning, following an interruption of meetings following the Georgia conflict last summer. The presidency hopes that the negotiations can make real progress during the course of its tenure over the coming six months.

As regards political dialogue, a summit meeting with Russia is planned in May. There will also be two meetings at foreign ministers' level with Russia, one next month in Moscow and a second in April in the margins of the General Affairs and External Relations Council.

With Ukraine, a foreign ministers' troika meeting is planned next month in Prague and a meeting of the Cooperation Council in June.

**EU General Affairs Council
Conclusions on Energy Security
(Brussels, 26 January 2009)**

The presidency briefed the Council on how it plans to handle the issue of energy security, following the crisis stemming from the recent interruption of gas supplies from Russia via Ukraine to the EU.

The presidency outlined areas where it intends work to be speeded up and given the highest priority. The Commission confirmed its intentions regarding interconnection and infrastructure projects to be proposed for EU funding under the economic recovery plan

approved in December by the European Council.

The Council held an exchange of views, emphasising urgency in seeking solutions to problems that were highlighted during the gas crisis.

The presidency identified four areas on which it intends to focus:

- Internal energy market: reaching an agreement by the end of March on a proposed package, including on market transparency.
- Interconnection and infrastructure projects: reaching an early agreement on the Commission's proposals.
- Supply crisis response mechanisms: adjustments to directives on the security of supply of oil and gas, and measures to improve access to and investment in gas storage.
- External energy policy: developing policy so as to reduce the EU's vulnerability and avoid new disruptions of supply.

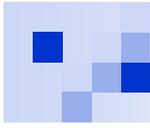
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**Council of the European Union
Conclusions on
Energy Security in Relation with the
Russia/Ukraine Gas Dispute
(Brussels, 12 January 2009)**

The Council adopted the following conclusions:

"The extraordinary Energy (TTE) Council met in a critical moment caused by the current unprecedented interruption of gas supplies from Russia via Ukraine to the EU. The Council urges both parties to resume gas deliveries to the EU immediately in order to rebuild the credibility of both parties and avoid further economical harms and suffering to the citizens of the EU and of neighbouring countries.

The Council evaluated the situation of gas supplies in relevant Member States and appreciates domestic and solidarity measures already undertaken, which – despite the



limited possibilities in the short run - have helped to mitigate the impact on European citizens and national economies. Member States are encouraged to sustain and deepen solidarity measures until the supplies are restored.

The Council welcomes the steps undertaken by the Presidency and the Commission with the aim to facilitate the dialogue between Russia and Ukraine in order immediately to restore gas deliveries and appreciates that the EU and its Member States coordinated their approach towards third parties.

The Council appreciates the steps taken towards the establishment of the technical monitoring mission, which should be maintained as long as necessary, and expects all parties to facilitate prompt results from its work. The Council will follow up closely the information provided by this monitoring mission.

Furthermore, the Council calls on both parties to develop lasting solutions that would prevent the recurrence of such dispute, and in any case ensure they will honour their obligations and guarantee the continuity of gas supply to the EU.

The present crisis has documented the importance of urgently reinforcing the energy policy in Member States and at EU level in order to be able to prevent possible future major supply disruptions or cope with their consequences. In this respect and building on the 2nd Strategic Energy Review, the Council agrees on the necessity urgently to develop and strengthen medium and long-term measures along the following priority axes:

Transparency regarding physical gas flows, demand and storage volumes must be enhanced in both Member States and their industry, and in supply and transit countries, including by installing reliable metering systems where appropriate. In this framework, the Council recalls the contribution of long term contracts to the reliability of both countries towards European final customers.

The Council invites the Commission to present a report on this issue in time for the

March European Council. The functioning of the Early Warning Mechanism must be assessed as well.

Regional or bilateral *solidarity* arrangements, including on a commercial basis, addressing disruption of supplies must be enhanced. The Commission is invited to suggest possible forms of such agreements. The Commission is also invited to speed up the revision of the Security of Gas Supply Directive 2004/67/EC by the end of 2009, notably with respect to the definition of the "major supply disruption" indicator and the related Community and national mitigating measures in crisis situations. Access to and investment in gas storage must be improved and strategic gas stocks could also be considered by Member States as well as other means to improve security including the capacity of each Member State to free up security margins.

In order to identify missing *interconnections* and accelerate the relevant work, the Commission is invited to carry out a thorough assessment of network interconnection, identify gaps, suggest action and to speed up the revision of the TEN-E framework with a view to considering the development of a comprehensive EU Energy Security and Infrastructure Instrument as suggested in the 2nd Strategic Energy Review. Member States are urged to speed up the implementation of network planning provisions foreseen in the 3rd internal energy market package and inform the Commission of the planning and realization of their most urgent projects.

The contribution of *diversified transport routes and sources* to the energy security of the EU and its Member States, including by LNG terminals suitably connected to the internal market to be of use to all Member States, must be a major criterion for selecting projects eligible for Community co-financing and other instruments such as those managed by the EIB. In this context the Council calls for mobilizing potential resources under the Community budget and other financing instruments to strengthen investment in vital energy infrastructure, and calls also for urgent progress on the European Economic

Recovery Plan as agreed by the European Council conclusions of December 2008.

The Council recalls that early implementation of measures and commitments related to the internal market, energy efficiency and renewable energy also contribute to energy security.

The Council invites the Commission to identify with the Member States affected, the *economic and social consequences* resulting from the crisis and to map out the relevant measures, including State aid rules where necessary, in assisting those Member States.

The Council will review the situation and progress made and will decide on further concrete medium and long-term measures envisaged in the 2nd Strategic Energy Review as well as in these Council Conclusions. The Council invites the Commission to report on the progress reached at the 19 February Energy Council in order for the Spring European Council to agree on the necessary responses on energy security."

**Council of the European Union
EU Declaration on the Russia/Ukraine
Problem and Energy Security
(Prague, 8 January 2009)**

1. The present situation caused by interruptions of gas supplies from Russia via the Ukraine creates serious difficulties for a number of EU countries. Given the importance attached to solidarity within the EU, this is a problem for the EU as such. It is unacceptable for the EU to see its citizens and enterprises suffering from gas shortages due to the non respect by both partner countries of their contractual obligations.

2. With the first evidence of gas supply reductions in early January 2009, the EU has undertaken concerted efforts to facilitate the dialogue between Russia and the Ukraine. Both sides have to date shown insufficient determination to solve the problem, which damages their credibility. The EU, however, expects that the current negotiations will bring a quick solution. It urges Russia and

the Ukraine to honour their obligations as supplier respectively transit country and to immediately resume normal deliveries to the European market.

3. The EU calls on both parties to accept independent monitoring of the actual flows of gas through the pipelines.

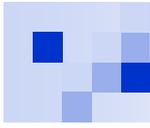
4. A special Energy Council will take place on 12 January in order to look at the situation on the energy market, including monitoring, and to discuss the concrete measures to be taken.

5. The EU also insists on the necessity to create the conditions for a long term solution, based on internationally recognized principles, thus putting an end to regularly occurring crises in the midst of winter.

6. Security of energy supply is a priority for the EU. It involves the responsibility and solidarity of all the Member States. Therefore, the EU will speed up work on the various energy security initiatives mentioned under paragraph 17 of the October EC conclusions. Particular emphasis will be put on priority interconnections both within the EU and with supplier and transit countries, increased transparency, and the developing of crisis mechanisms to tackle temporary supply disruptions. Energy security will be on the agenda of the upcoming General Affairs Councils with a view to reaching decisions at the Spring European Council.

**Council of the European Union
Sixth Meeting of the Accession Conference
at Ministerial Level with Turkey
(Brussels, 19 December 2008)**

The sixth meeting of the Intergovernmental Conference with Turkey at ministerial level was held today in Brussels, following the start of negotiations on 3 October 2005. The European Union Delegation was headed by Bruno Le Maire, France's State Secretary for European Affairs. The Turkish delegation was led by Ali Babacan, Minister of Foreign Affairs and Chief Negotiator.



The Conference opened negotiations on two new chapters, namely: Chapter 4 – Free movement of capital, and Chapter 10 – Information Society and Media, thus advancing further the negotiating process.

For both chapters, and on the basis of negotiating positions of Turkey, the Union has closely examined Turkey's general state of preparedness in these areas. Taking into account Turkey's present state of preparations, and in line with the Council conclusions on 11 December 2006 – as well as on the understanding that Turkey will continue to make progress in the alignment with and implementation of the acquis – the EU underlined the main issues regarding the closing benchmarks to be met by Turkey, namely that Turkey has to fulfil its obligation of full non-discriminatory implementation of the Additional Protocol to the Association Agreement, and further that:

Chapter 4 – Free movement of capital

- Turkey makes significant progress in its legislative alignment with the acquis with respect to capital movements and payments, and demonstrates that it will be able to implement the acquis properly.
- Turkey presents an Action Plan for the gradual liberalisation of the acquisition of real estate by foreigners in line with the acquis. Furthermore, Turkey demonstrates that it has made significant progress in the implementation of gradual liberalisation.
- Turkey, with respect to anti-money laundering, advances its legislative alignment with the acquis, as well as with the recommendations of the Financial Action Task Force.
- Turkey demonstrates that it has at its disposal an adequate administrative capacity to properly implement and enforce the relevant legislation in all areas related to anti-money laundering.

Chapter 10 – Information Society and Media

- Turkey completes the legislative alignment with the acquis on electronic communications, and with the acquis on information society services.

- Turkey secures implementation of competitive safeguard measures against operators with significant market power following market analyses, and the general authorisation regime in line with the acquis.
- Turkey ensures sufficient administrative capacity to enforce the acquis in the field of electronic communications, as well as the transparency, predictability and independence of the telecommunications regulator.
- Turkey adopts legislation aimed at transposing the acquis in the field of audiovisual policy, including measures to ensure that the national legal framework complies with the principle of freedom of reception and retransmission of television broadcasts.
- Turkey completes a public consultation with the relevant stakeholders as regards the impact of the measures adopted in view of enhancing the transparency of the audiovisual regulatory process and the independence of the competent regulator body.

In more general terms, the EU also underlined that it would devote particular attention to monitoring all specific issues mentioned in its common positions with a view to ensuring Turkey's administrative capacity, its capacity to complete legal alignment in all the areas under both chapters, as well as further progress in implementation.

The Union will monitor closely Turkey's progress in these two chapters throughout the negotiations.

Since the start of the negotiations, ten chapters have been opened, of which one has been provisionally closed.

**Council of the European Union
Presidency Conclusions on
External Relations and European
Security and Defence Policy
(Brussels, 12 December 2008)**

[...]

V. External Relations and European Security and Defence Policy

European Neighbourhood Policy

28. The European Council endorses the guidelines evolved at the ministerial meeting in Marseilles on 3 and 4 November 2008, which made it possible to define the working methods of the Union for the Mediterranean. Within the framework of the structures put in place, it calls for the further ambitious implementation of this initiative in all its dimensions.

29. Likewise, the Eastern Partnership will bring about a significant strengthening of EU policy with regard to the Eastern partners of the European Neighbourhood Policy¹ in a bilateral and multilateral framework, to complement the other forms of cooperation already existing in the Union's neighbourhood, such as the Black Sea Synergy, which will have to be taken into account. The Eastern Partnership should help the partner countries to make progress in their reform processes, thereby contributing to their stability and helping to bring them closer to the EU. The European Council welcomes the proposals put forward by the Commission in its communication of 3 December 2008 and instructs the Council to study them and to report back with a view to this ambitious initiative being approved at its meeting in March 2009 and the Eastern Partnership being launched at a summit meeting with the partner countries organised by the incoming Czech Presidency.

European Security and Defence Policy

30. The European Council states its determination to give, by means of the attached declaration², a fresh impetus to the

European Security and Defence Policy. Compliant with the principles of the United Nations Charter and the decisions of the United Nations Security Council, this policy will continue to develop in full complementarity with NATO in the agreed framework of the strategic partnership between the EU and NATO and in compliance with the decision-making autonomy and procedures of each. To this end, the European Council shares the analysis of the report on the implementation of the European Security Strategy of 2003 and endorses the declarations adopted by the Council², which agree on new goals for strengthening and optimising European capabilities in the years ahead and emphasise the EU's desire to work for the cause of international peace and security, while making a tangible contribution to the security of its citizens.

[...]

Annex 2

Declaration by the European Council on the Enhancement of the European Security and Defence Policy (ESDP)

1. Over the last ten years, the European Union has established itself as a global political player. It has assumed increasing responsibilities, as witnessed by its ever more ambitious and diversified civilian and military operations in the service of effective multilateralism and peace.

2. The Union's action continues to be based on a shared analysis of the threats and risks affecting the common interests of Europeans. The European Council here endorses the analysis presented by the Secretary-General/High Representative, in consultation with the Commission, in the document reviewing the implementation of the 2003 security strategy so as to improve it and add new elements to it. This document reveals the continuing existence of the threats identified in 2003 as well as the emergence of fresh risks likely to threaten the security of the EU, directly or indirectly, which it has to tackle globally.

3. In order to rise to these challenges, the European Council intends to make good the

¹ Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine.

² See Annex 2.

shortfall in the resources available in Europe by gradually improving civilian and military capabilities. This effort is also the prerequisite for allowing Europeans to assume in a credible and effective manner their responsibilities under a renewed transatlantic partnership, to which the European Council reaffirms its commitment. To this end, it subscribes to the declaration on capabilities adopted by the Council, which sets numerical and precise targets to enable the EU, in the coming years, to conduct simultaneously, outside its territory, a series of civilian missions and military operations of varying scope, corresponding to the most likely scenarios.³

4. This renewed goal requires a commitment to develop robust, flexible and interoperable capabilities. This will entail, on a voluntary basis, innovative forms of specialisation, pooling and sharing of major equipment projects, with priority being given to planning, crisis management, space and maritime security. In this respect the declaration on capabilities highlights several

³ Europe should actually be capable, in the years ahead, in the framework of the level of ambition established, inter alia of deploying 60 000 men in 60 days for a major operation, within the range of operations envisaged within the headline goal for 2010 and within the civilian headline goal for 2010, of planning and conducting simultaneously:

- two major stabilisation and reconstruction operations, with a suitable civilian component, supported by a maximum of 10 000 men for at least two years;
- two rapid response operations of limited duration using inter alia the EU's battle groups;
- an emergency operation for the evacuation of European nationals (in less than ten days), bearing in mind the primary role of each Member State as regards its nationals and making use of the consular lead State concept;
- a maritime or air surveillance/interdiction mission;
- a civilian-military humanitarian assistance operation lasting up to 90 days;
- around a dozen ESDP civilian missions (inter alia police, rule of law, civil administration, civil protection, security sector reform and observation missions) of varying formats, inter alia in a rapid reaction situation, including a major mission (possibly up to 3 000 experts), which could last several years. For its operations and missions, the European Union uses, in an appropriate manner and in accordance with its procedures, the resources and capabilities of Member States, of the European Union and, if appropriate for its military operations, of NATO.

concrete projects in key sectors. The European Council voices its determination to support this effort in the long term and calls on the Member States to convert these commitments into national requirements in terms of equipment.

5. Restructuring of the European defence technological and industrial base, in particular around centres of European excellence, avoiding duplication, in order to ensure its soundness and its competitiveness, is a strategic and economic necessity. It calls for a strengthening of corporate governance mechanisms, for an increased research and technology drive and for making the European armaments market more dynamic. In this connection, the European Council calls for early finalisation of the Directives on intra-Community transfer of defence goods and on defence procurement.

The European Council also supports the decision to launch an initiative, based on the Erasmus programme, to promote exchanges of young European officers.

6. The European Council would encourage the efforts of the Secretary-General/High Representative to establish a new, single civilian-military strategic planning structure for ESDP operations and missions.

7. The European Council states the Union's determination to continue its support for the United Nations and for the efforts made by regional security organisations, including the African Union, to promote international peace and security. It also reaffirms the goal of strengthening the strategic partnership between the EU and NATO in order to address current needs, in a spirit of mutual enhancement and respect for their decision-making autonomy. To this end, it backs the setting up of an informal EU-NATO high-level group to improve cooperation between the two organisations on the ground in a pragmatic manner. It recalls the need to exploit fully the approved framework that enables European allies which are not members of the EU to be associated with the ESDP, in compliance with EU procedures.

8. Lastly, the European Council endorses the declaration on international security adopted

by the Council, which decides on specific actions to enable the EU to play a more active role in combating terrorism, proliferation of weapons of mass destruction, organised crime and cyber-attacks. It asks the Council and the Member States to give substance to it by adopting appropriate policies and instruments.

**Council of the European Union
Report on the Implementation of the
European Security Strategy
- Providing Security in a Changing World -
(Brussels, 11 December 2008)**

Executive Summary

Five years on from adoption of the European Security Strategy, the European Union carries greater responsibilities than at any time in its history.

The EU remains an anchor of stability. Enlargement has spread democracy and prosperity across our continent. The Balkans are changing for the better. Our neighbourhood policy has created a strong framework for relations with partners to the south and east, now with a new dimension in the Union for the Mediterranean and the Eastern Partnership. Since 2003, the EU has increasingly made a difference in addressing crisis and conflict, in places such as Afghanistan or Georgia.

Yet, twenty years after the Cold War, Europe faces increasingly complex threats and challenges.

Conflicts in the Middle East and elsewhere in the world remain unsolved; others have flared up even in our neighbourhood. State failure affects our security through crime, illegal immigration and, most recently, piracy. Terrorism and organised crime have evolved with new menace, including within our own societies. The Iranian nuclear programme has significantly advanced, representing a danger for stability in the region and for the whole non-proliferation system.

Globalisation has brought new opportunities. High growth in the developing world, led by China, has lifted millions out of poverty. But globalisation has also made threats more complex and interconnected. The arteries of our society - such as information systems and energy supplies - are more vulnerable. Global warming and environmental degradation is altering the face of our planet. Moreover, globalisation is accelerating shifts in power and is exposing differences in values. Recent financial turmoil has shaken developed and developing economies alike.

Europe will rise to these new challenges, as we have done in the past.

Drawing on a unique range of instruments, the EU already contributes to a more secure world. We have worked to build human security, by reducing poverty and inequality, promoting good governance and human rights, assisting development, and addressing the root causes of conflict and insecurity. The EU remains the biggest donor to countries in need. Long-term engagement is required for lasting stabilisation.

Over the last decade, the European Security and Defence Policy, as an integral part of our Common Foreign and Security Policy, has grown in experience and capability, with over 20 missions deployed in response to crises, ranging from post-tsunami peace building in Aceh to protecting refugees in Chad.

These achievements are the results of a distinctive European approach to foreign and security policy. But there is no room for complacency. To ensure our security and meet the expectations of our citizens, we must be ready to shape events. That means becoming more strategic in our thinking, and more effective and visible around the world. We are most successful when we operate in a timely and coherent manner, backed by the right capabilities and sustained public support.

Lasting solutions to conflict must bind together all regional players with a common stake in peace. Sovereign governments must take responsibility for the consequences of their actions and hold a shared responsibility

to protect populations from genocide, war crimes, ethnic cleansing and crimes against humanity.

It is important that countries abide by the fundamental principles of the UN Charter and OSCE principles and commitments. We must be clear that respect for the sovereignty, independence and territorial integrity of states and the peaceful settlement of disputes are not negotiable. Threat or use of military force cannot be allowed to solve territorial issues - anywhere.

At a global level, Europe must lead a renewal of the multilateral order. The UN stands at the apex of the international system. Everything the EU has done in the field of security has been linked to UN objectives. We have a unique moment to renew multilateralism, working with the United States and with our partners around the world. For Europe, the transatlantic partnership remains an irreplaceable foundation, based on shared history and responsibilities. The EU and NATO must deepen their strategic partnership for better co-operation in crisis management.

The EU has made substantial progress over the last five years. We are recognised as an important contributor to a better world. But, despite all that has been achieved, implementation of the ESS remains work in progress. For our full potential to be realised we need to be still more capable, more coherent and more active.

Introduction

The European Council adopted the European Security Strategy (ESS) in December 2003. For the first time, it established principles and set clear objectives for advancing the EU's security interests based on our core values. It is comprehensive in its approach and remains fully relevant.

This report does not replace the ESS, but reinforces it. It gives an opportunity to examine how we have fared in practice, and what can be done to improve implementation.

I. Global Challenges and Key Threats

The ESS identified a range of threats and challenges to our security interests. Five years on, these have not gone away: some have become more significant, and all more complex.

[...]

Terrorism and Organised Crime

Terrorism, within Europe and worldwide, remains a major threat to our livelihoods. Attacks have taken place in Madrid and London, while others have been foiled, and home-grown groups play an increasing role within our own continent. Organised crime continues to menace our societies, with trafficking in drugs, human beings, and weapons, alongside international fraud and money-laundering.

Since 2003, the EU has made progress in addressing both, with additional measures inside the Union, under the 2004 Hague Programme, and a new Strategy for the External Dimension of Justice and Home Affairs, adopted in 2005. These have made it easier to pursue investigations across borders, and co-ordinate prosecution. The EU Counter-Terrorism Strategy, also from 2005, is based on respect for human rights and international law. It follows a four-pronged approach: preventing radicalisation and recruitment and the factors behind them; protecting potential targets; pursuing terrorists; and responding to the aftermath of an attack. While national action is central, appointment of a Counter-Terrorism Co-ordinator has been an important step forward at the European level.

Within the EU, we have done much to protect our societies against terrorism. We should tighten co-ordination arrangements for handling a major terrorist incident, in particular using chemical, radiological, nuclear and bioterrorism materials, on the basis of such existing provisions as the Crisis Coordination Arrangements and the Civil Protection Mechanism. Further work on terrorist financing is required, along with an effective and comprehensive EU policy on information sharing, taking due account of protection of personal data.

We must also do more to counter radicalisation and recruitment, by addressing extremist ideology and tackling discrimination. Inter-cultural dialogue, through such fora as the Alliance of Civilisations, has an important role.

On organised crime, existing partnerships within our neighbourhood and key partners, and within the UN, should be deepened, in addressing movement of people, police and judicial cooperation. Implementation of existing UN instruments on crime is essential.

We should further strengthen our counter-terrorism partnership with the United States, including in the area of data sharing and protection. Also, we should strengthen the capacity of our partners in South Asia, Africa, and our southern neighbourhood. The EU should support multilateral efforts, principally in the UN.

We need to improve the way in which we bring together internal and external dimensions. Better co-ordination, transparency and flexibility are needed across different agencies, at national and European level. This was already identified in the ESS, five years ago. Progress has been slow and incomplete.

[...]

Energy security

Concerns about energy dependence have increased over the last five years. Declining production inside Europe means that by 2030 up to 75% of our oil and gas will have to be imported. This will come from a limited number of countries, many of which face threats to stability. We are faced therefore with an array of security challenges, which involve the responsibility and solidarity of all Member States.

Our response must be an EU energy policy which combines external and internal dimensions. The joint report from the High Representative and Commission in June 2006 set out the main elements. Inside Europe, we need a more unified energy market, with greater inter-connection, particular attention to the most isolated countries and crisis

mechanisms to deal with temporary disruption to supply.

Greater diversification, of fuels, sources of supply, and transit routes, is essential, as are good governance, respect for rule of law and investment in source countries. EU policy supports these objectives through engagement with Central Asia, the Caucasus and Africa, as well as through the Eastern Partnership and the Union for the Mediterranean.

Energy is a major factor in EU-Russia relations. Our policy should address transit routes, including through Turkey and Ukraine. With our partners, including China, India, Japan and the US, we should promote renewable energy, low-carbon technologies and energy efficiency, alongside transparent and well-regulated global markets.

[...]

II. Building Stability in Europe and Beyond

Within our continent, enlargement continues to be a powerful driver for stability, peace and reform.

With Turkey, negotiations started in 2005, and a number of chapters have been opened since. Progress in the Western Balkans has been continuous, if slow. Accession negotiations with Croatia are well advanced. The Former Yugoslav Republic of Macedonia has obtained candidate status. Stabilisation and Association agreements have been signed with the other Western Balkan countries. Serbia is close to fulfilling all conditions for moving towards deeper relations with the EU. The EU continues to play a leading role in Bosnia and Herzegovina, but, despite progress, more is required from local political leaders to overcome blockage of reforms.

We are deploying EULEX, our largest civilian ESDP mission to date, in Kosovo and will continue substantial economic support. Throughout the region, co-operation and good neighbourly relations are indispensable. It is in our interest that the countries on our borders are well-governed. The European Neighbourhood Policy (ENP), launched in 2004, supports this process. In the east, all eligible countries participate except Belarus,

with whom we are now taking steps in this direction.

With Ukraine, we have gone further, with a far-reaching association agreement which is close to being finalised. We will soon start negotiations with the Republic of Moldova on a similar agreement. The Black Sea Synergy has been launched to complement EU bilateral policies in this region of particular importance for Europe.

New concerns have arisen over the so-called "frozen conflicts" in our eastern neighbourhood. The situation in Georgia, concerning Abkhazia and South Ossetia, has escalated, leading to an armed conflict between Russia and Georgia in August 2008. The EU led the international response, through mediation between the parties, humanitarian assistance, a civilian monitoring mission, and substantial financial support. Our engagement will continue, with the EU leading the Geneva Process. A possible settlement to the Transnistrian conflict has gained impetus, through active EU participation in the 5+2 negotiation format, and the EU Border Assistance Mission.

[...]

III. Europe in a Changing World

To respond to the changing security environment we need to be more effective – among ourselves, within our neighbourhood and around the world.

A more effective and capable Europe

Our capacity to address the challenges has evolved over the past five years, and must continue to do so. We must strengthen our own coherence, through better institutional co-ordination and more strategic decision-making. The provisions of the Lisbon Treaty provide a framework to achieve this.

Preventing threats from becoming sources of conflict early on must be at the heart of our approach. Peace-building and long-term poverty reductions are essential to this. Each situation requires coherent use of our instruments, including political, diplomatic, development, humanitarian, crisis response, economic and trade co-operation, and

civilian and military crisis management. We should also expand our dialogue and mediation capacities. EU Special Representatives bring EU influence to bear in various conflict regions. Civil society and NGOs have a vital role to play as actors and partners.

Our election monitoring missions, led by members of the European Parliament, also make an important contribution.

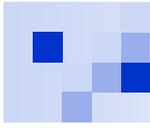
The success of ESDP as an integral part of our Common Foreign and Security Policy is reflected by the fact that our assistance is increasingly in demand. Our Georgia mission has demonstrated what can be achieved when we act collectively with the necessary political will. But the more complex the challenges we face, the more flexible we must be.

We need to prioritise our commitments, in line with resources. Battlegroups and Civilian Response Teams have enhanced our capacity to react rapidly.

Appropriate and effective command structures and headquarters capability are key. Our ability to combine civilian and military expertise from the conception of a mission, through the planning phase and into implementation must be reinforced. We are developing this aspect of ESDP by putting the appropriate administrative structures, financial mechanisms, and systems in place. There is also scope to improve training, building on the European Security and Defence College and the new European young officers exchange scheme, modelled on Erasmus.

We need to continue mainstreaming human rights issues in all activities in this field, including ESDP missions, through a people-based approach coherent with the concept of human security. The EU has recognised the role of women in building peace. Effective implementation of UNSCR 1325 on Women, Peace, and Security and UNSCR 1612 on Children and Armed Conflict is essential in this context.

For civilian missions, we must be able to assemble trained personnel with a variety of skills and expertise, deploy them at short



notice and sustain them in theatre over the long term. We need full interoperability between national contingents. In support of this, Member States have committed to draw up national strategies to make experts available, complemented by more deployable staff for mission support, including budgeting and procurement. The ways in which equipment is made available and procured should be made more effective to enable timely deployment of missions.

For military missions, we must continue to strengthen our efforts on capabilities, as well as mutual collaboration and burden-sharing arrangements. Experience has shown the need to do more, particularly over key capabilities such as strategic airlift, helicopters, space assets, and maritime surveillance (as set out in more detail in the Declaration on the Reinforcement of Capabilities). These efforts must be supported by a competitive and robust defence industry across Europe, with greater investment in research and development. Since 2004, the European Defence Agency has successfully led this process, and should continue to do so.

Greater engagement with our neighbourhood

The ENP has strengthened individual bilateral relationships with the EU. This process now needs to build regional integration.

The Union for the Mediterranean, launched in July 2008, provides a renewed political moment to pursue this with our southern partners, through a wide-ranging agenda, including on maritime safety, energy, water and migration. Addressing security threats like terrorism will be an important part.

The Eastern Partnership foresees a real step change in relations with our Eastern neighbours, with a significant upgrading of political, economic and trade relations. The goal is to strengthen the prosperity and stability of these countries, and thus the security of the EU. The proposals cover a wide range of bilateral and multilateral areas of cooperation including energy security and mobility of people.

Lasting stability in our neighbourhood will require continued effort by the EU, together with UN, OSCE, the US and Russia. Our relations with Russia have deteriorated over the conflict with Georgia. The EU expects Russia to honour its commitments in a way that will restore the necessary confidence. Our partnership should be based on respect for common values, notably human rights, democracy, and rule of law and market economic principles as well as on common interests and objectives.

We need a sustained effort to address conflicts in the Southern Caucasus, Republic of Moldova and between Israel and the Arab states. Here, as elsewhere, full engagement with the US will be key. In each case, a durable settlement must bring together all the regional players. Countries like Turkey, Egypt, Jordan, Saudi Arabia and Qatar have played an increasingly important role in the region, whereas this has not been the case with Iran. There is a particular opportunity to work with Turkey, including through the Alliance of Civilisations.

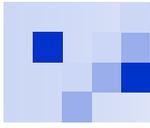
Partnerships for effective multilateralism

The ESS called for Europe to contribute to a more effective multilateral order around the world. Since 2003, we have strengthened our partnerships in pursuit of that objective.

The key partner for Europe in this and other areas is the US. Where we have worked together, the EU and US have been a formidable force for good in the world.

The UN stands at the apex of the international system. Everything the EU has done in the field of security has been linked to UN objectives. The EU works closely in key theatres, including Kosovo, Afghanistan, DRC, Sudan/Darfur, Chad and Somalia, and has improved institutional links, in line with our joint 2007 EU-UN Declaration. We support all sixteen current UN peacekeeping operations.

The EU and NATO have worked well together on the ground in the Balkans and in Afghanistan, even if formal relations have not advanced. We need to strengthen this strategic partnership in service of our shared security interests, with better operational co-



operation, in full respect of the decision-making autonomy of each organisation, and continued work on military capabilities. Since 2003, we have deepened our relationship with the OSCE, especially in Georgia and Kosovo.

We have substantially expanded our relationship with China. Ties to Canada and Japan are close and longstanding. Russia remains an important partner on global issues.

There is still room to do more in our relationship with India. Relations with other partners, including Brazil, South Africa and, within Europe, Norway and Switzerland, have grown in significance since 2003.

The EU is working more closely with regional organisations, and in particular the African Union. Through the Joint Africa-EU Strategy, we are supporting enhanced African capacities in crisis management, including regional stand-by forces and early warning.

We have deepened links with our Central Asia partners through the Strategy adopted in 2007, with strengthened political dialogue, and work on issues such as water, energy, rule of law and security. Elsewhere, the EU has developed engagement with ASEAN, over regional issues such as Burma, with SAARC, and Latin America. Our experience gives the EU a particular role in fostering regional integration. Where others seek to emulate us, in line with their particular circumstances, we should support them.

The international system, created at the end of the Second World War, faces pressures on several fronts. Representation in the international institutions has come under question. Legitimacy and effectiveness need to be improved, and decision-making in multilateral fora made more efficient. This means sharing decisions more, and creating a greater stake for others. Faced with common problems, there is no substitute for common solutions.

Key priorities are climate change and completion of the Doha Round in the WTO. The EU is leading negotiations for a new international agreement on the former, and

must use all its levers to achieve an ambitious outcome at Copenhagen in 2009. We should continue reform of the UN system, begun in 2005, and maintain the crucial role of the Security Council and its primary responsibility for the maintenance of international peace and security. The International Criminal Court should grow further in effectiveness, alongside broader EU efforts to strengthen international justice and human rights. We need to mould the IMF and other financial institutions to reflect modern realities. The G8 should be transformed. And we must continue our collective efforts to meet the Millennium Development Goals.

These issues cross boundaries, touching as much on domestic as foreign policy. Indeed, they demonstrate how in the twenty-first century, more than ever, sovereignty entails responsibility. With respect to core human rights, the EU should continue to advance the agreement reached at the UN World Summit in 2005, that we hold a shared responsibility to protect populations from genocide, war crimes, ethnic cleansing and crimes against humanity.

Maintaining public support for our global engagement is fundamental. In modern democracies, where media and public opinion are crucial to shaping policy, popular commitment is essential to sustaining our commitments abroad. We deploy police, judicial experts and soldiers in unstable zones around the world. There is an onus on governments, parliaments and EU institutions to communicate how this contributes to security at home.

Five years ago, the ESS set out a vision of how the EU would be a force for a fairer, safer and more united world. We have come a long way towards that. But the world around us is changing fast, with evolving threats and shifting powers. To build a secure Europe in a better world, we must do more to shape events. And we must do it now.

**EU-Armenia Cooperation Council
Ninth Meeting
Press Release
(Brussels, 9 December 2008)**

The Cooperation Council between the European Union (EU) and the Republic of Armenia held its ninth meeting on Tuesday 9 December 2008. The meeting was chaired by Mr Jean-Pierre Jouyet, Secretary of State for European Affairs of France. The EU Special Representative for the South Caucasus, Ambassador Peter Semneby also took part in the meeting. Mr Hugues Mingarelli, Deputy Director-General of the External Relations Directorate-General, represented the Commission and Mr Tomas Pojar, First Deputy Minister of Foreign Affairs, represented the incoming Czech Presidency. The Armenian delegation was led by Mr Eduard Nalbandyan, Minister of Foreign Affairs.

President Sargsyan's recent visit to Brussels (5-6 November 2008) marked the continuing intensive political dialogue between the EU and Armenia.

During the meeting, the parties discussed a wide range of issues. One of the main topics was the European Neighbourhood Policy, particularly the implementation of the ENP Action Plan. The parties reaffirmed that the adoption of the European Neighbourhood Policy Action Plan with all three Southern Caucasus countries in November 2006 opened a new era in the EU relations with the region, offering Armenia a deeper political relationship and broader economic integration. The Cooperation Council noted Armenia's progress in the implementation of the ENP Action Plan and agreed that there is still room for further progress.

The EU side seized the opportunity to present the main lines of the Communication on the Eastern Partnership, adopted by the European Commission on 3 December, which proposes the creation of a stronger policy framework for EU's future relations with Eastern partners at both the bilateral and multilateral level.

The Cooperation Council also provided a timely opportunity to take stock of

developments in the South Caucasus, as well as of political and economic reforms in Armenia.

The recent crisis in Georgia confirmed that the EU plays a constructive role in the region and is stepping up its cooperation with the Southern Caucasus. Alongside deepening bilateral relations, the EU's Eastern Partnership initiative, and the Black Sea Synergy, will further strengthen relations with Southern Caucasus countries.

The EU underlined the importance of the respect of the rule of law, democratic and pluralistic principles, protection of human rights and fundamental freedoms, as well as freedom of expression and freedom of the media, as essential elements in the bilateral dialogue. It reaffirmed its willingness to continue its support for the further development of democratic institutions in Armenia, including in the framework of the European Neighbourhood Policy.

The Cooperation Council welcomed the declaration signed on 2 November 2008 by the Presidents of Armenia, Azerbaijan and Russian Federation, as well as the joint declaration of the Foreign Ministers and Deputy Minister of France, Russia, and the United States signed on 4 December 2008, concerning the peaceful settlement of the Nagorno-Karabakh conflict and considered that such approach would be a good basis for further progress within the framework of the negotiation process of the OSCE Minsk Group.

The EU side also welcomed the initiative of President Sargsyan of Armenia aimed at improving Armenian-Turkish relations and the positive response from President Gül of Turkey, as well as the recent meeting between the Armenian Foreign Minister Nalbandyan and the Turkish Foreign Minister Babacan in Istanbul.

On the occasion of the Cooperation Council, EU and Armenia also signed the "Agreement between the European Community and the Republic of Armenia on certain aspects of air services".

The plenary meeting of the Cooperation Council was followed by a joint ministerial

working lunch between the EU and Armenia, Azerbaijan and Georgia to discuss matters of regional interest, as well as conflicts in the Southern Caucasus. Mr Jean-Pierre Jouyet, Secretary of State for European Affairs of France represented the EU Presidency. He was accompanied by Mr Javier Solana, High Representative for CFSP, and by Ms Benita Ferrero-Waldner, Commissioner for External Relations and European Neighbourhood Policy, as well as Mr Tomas Pojar, First Deputy Minister of Foreign Affairs, representing the incoming Czech Presidency.

**EU-Azerbaijan Cooperation Council
Ninth Meeting
Press Release
(Brussels, 9 December 2008)**

The Cooperation Council between the European Union (EU) and the Republic of Azerbaijan held its ninth meeting on Tuesday 9 December 2008. The meeting was chaired by Mr Jean-Pierre Jouyet, Secretary of State for European Affairs of France. The EU Special Representative for the South Caucasus, Ambassador Peter Semneby also took part in the meeting. Mr Hugues Mingarelli, Deputy Director-General of the External Relations Directorate-General, represented the Commission and Mr Tomas Pojar, First Deputy Minister of Foreign Affairs, represented the incoming Czech Presidency. The Azerbaijani delegation was led by Mr Elmar Mammadyarov, Minister of Foreign Affairs.

During the meeting, the parties discussed a wide range of issues. One of the main topics was the European Neighbourhood Policy, particularly the implementation of the ENP Action Plan. The parties reaffirmed that the adoption of the European Neighbourhood Policy Action Plan with all three Southern Caucasus countries in November 2006 opened a new era in the EU relations with the region, offering Azerbaijan a deeper political relationship and broader economic integration. The Cooperation Council agreed on the need to accelerate the efforts to

implement the jointly agreed ENP Action Plan.

The EU side seized the opportunity to present the main lines of the Communication on the Eastern Partnership, adopted by the European Commission on 3 December, which proposes the creation of a stronger policy framework for EU's future relations with Eastern partners at both the bilateral and multilateral level.

The Cooperation Council also provided a timely opportunity to take stock of developments in the South Caucasus, as well as of political and economic reforms in Azerbaijan.

The recent crisis in Georgia confirmed that the EU plays a constructive role in the region and is stepping up its cooperation with the Southern Caucasus. Alongside deepening bilateral relations, the EU's Eastern Partnership initiative, and the Black Sea Synergy, will further strengthen relations with Southern Caucasus countries.

The EU underlined the importance of the respect of the rule of law, democratic and pluralistic principles, protection of human rights and fundamental freedoms, as well as freedom of expression and freedom of the media, as essential elements in the bilateral dialogue. It reaffirmed its willingness to continue its support for the further development of democratic institutions in Azerbaijan, including in the framework of the European Neighbourhood Policy.

The Cooperation Council also discussed EU-Azerbaijan cooperation in the energy sector and in particular the further implementation of the EU-Azerbaijan Memorandum of Understanding on energy jointly signed in November 2006.

The Cooperation Council welcomed the declaration signed on 2 November 2008 by the Presidents of Azerbaijan, Armenia and Russian Federation, as well as the joint declaration of the Foreign Ministers and Deputy Minister of France, Russia, and the United States signed on 4 December 2008, concerning the peaceful settlement of the Nagorno-Karabakh conflict and considered that such approach would be a good basis for

further progress within the framework of the negotiation process of the OSCE Minsk Group.

On the occasion of the Cooperation Council, EU and Azerbaijan also signed the "Protocol to the Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part and the Republic of Azerbaijan, of the other part, to take account of the accession of the Republic of Bulgaria and Romania to the European Union".

The plenary meeting of the Cooperation Council was followed by a joint ministerial working lunch between the EU and Armenia, Azerbaijan and Georgia to discuss matters of regional interest, as well as conflicts in the Southern Caucasus. Mr Jean-Pierre Jouyet, Secretary of State for European Affairs of France represented the EU Presidency. He was accompanied by Mr Javier Solana, High Representative for CFSP, and by Ms Benita Ferrero-Waldner, Commissioner for External Relations and European Neighbourhood Policy, as well as Mr Tomas Pojar, First Deputy Minister of Foreign Affairs, representing the incoming Czech Presidency.

**EU-Georgia Cooperation Council
Ninth Meeting, Press Release
(Brussels, 9 December 2008)**

The Cooperation Council between the European Union (EU) and Georgia held its ninth meeting on Tuesday 9 December 2008. The meeting was chaired by Mr Jean-Pierre Jouyet, Secretary of State for European Affairs of France. The EU Special Representative for the South Caucasus, Ambassador Peter Semneby also took part in the meeting. Mr Hugues Mingarelli, Deputy Director-General of the External Relations Directorate-General, represented the Commission and Mr Tomas Pojar, First Deputy Minister of Foreign Affairs of the Czech Republic, represented the incoming Czech Presidency. The Georgian delegation was led by Giorgi Baramidze, State Minister of Georgia on European and Euro-Atlantic

Integration Issues and Vice Prime Minister of Georgia.

The Cooperation Council discussed the repercussions of the recent conflict in Georgia and the increased EU role in the conflict settlement, in particular through the dispatching of an EU civilian observation mission under the European Defence and Security Policy, the participation of the EU in the Geneva discussions and the provision of increased EU financial assistance for alleviating the humanitarian situation and sustaining Georgia's economic recovery. The EU side reiterated its support to the territorial integrity and sovereignty of Georgia.

The Cooperation Council welcomed the intensification of bilateral EU relations with Georgia, and in particular looked forward to the launching of negotiations on visa facilitation and readmission agreement between the EU and Georgia.

During the meeting, the parties discussed a wide range of issues. One of the main topics was the European Neighbourhood Policy, particularly the implementation of the ENP Action Plan. The parties stated that the signing of the European Neighbourhood Policy Action Plan with all three Southern Caucasus countries in November 2006 opened a new era in the EU relations with the region, offering Georgia a deeper political relationship and broader economic integration. The Cooperation Council noted Georgia's strong commitment to the implementation of the ENP Action Plan, welcomed the good progress made in some areas and agreed on the need to focus the efforts on further implementation.

The EU side seized the opportunity to present the main lines of the Communication on the Eastern Partnership, adopted by the European Commission on 3 December, which proposes the creation of a stronger policy framework for EU's future relations with Eastern partners at both the bilateral and multilateral level.

The Cooperation Council also provided a timely opportunity to take stock of political developments in Georgia, as well as the

advancement of political and economic reforms.

The EU highlighted the importance of the respect of the rule of law, democratic and pluralistic principles, protection of human rights and fundamental freedoms, as well as freedom of expression and freedom of the media, as essential elements in the bilateral dialogue. It reaffirmed its willingness to continue its support for the further development of democratic institutions in Georgia, including in the framework of the European Neighbourhood Policy.

The EU side welcomed the recent commitments of the President Saakashvili for strengthening democratic institutions in Georgia, and expected concrete steps in this sense.

The Cooperation Council agreed that consolidation of democracy was the key to ensuring Georgia's long term stability and its successful transformation into a prosperous, harmonious and united society.

The Cooperation Council also discussed the broad framework for the implementation of the EUR 500 million EU financial assistance package for 2008-2010, which will start to be delivered by the end of 2008.

The recent crisis in Georgia confirmed that the EU plays a constructive role in the region and is stepping up its cooperation with the Southern Caucasus. Alongside deepening bilateral relations, the EU's Eastern Partnership initiative, and the Black Sea Synergy, will further strengthen relations with Southern Caucasus countries.

The plenary meeting of the Cooperation Council was followed by a joint ministerial working lunch between the EU and Armenia, Azerbaijan and Georgia to discuss matters of regional interest, as well as conflicts in the Southern Caucasus. Mr Jean-Pierre Jouyet, Secretary of State for European Affairs of France represented the EU Presidency. He was accompanied by Mr Javier Solana, High Representative for CFSP, and by Ms Benita Ferrero-Waldner Commissioner for External Relations and European Neighbourhood Policy, as well as Mr Tomas Pojar, First Deputy Minister of

Foreign Affairs of the Czech Republic, representing the incoming Czech Presidency.

**EU General Affairs Council
Conclusions on Enlargement
(Brussels, 8 December 2008)**

[...]

The Council adopted the following conclusions:

Enlargement Strategy

In line with the renewed consensus on enlargement approved by the European Council on 15 and 16 December 2006 and the Council conclusions of 10 December 2007, the Council welcomes the Commission communication dated 5 November 2008 on Enlargement Strategy and Main Challenges 2008-2009, and takes due note of the analysis and recommendations therein.

Coherent implementation of the renewed consensus on enlargement, which is based on consolidation of commitments, fair and rigorous conditionality, better communication and the EU's capacity to integrate new members, continues to form the basis for EU action at all stages of the enlargement process, with each country being assessed on its own merits. The Council notes that the EU has taken steps to improve the quality of the enlargement process, in particular by making full use of benchmarks and impact studies and by tackling at an early stage essential issues relating to the rule of law and good governance, such as reforms of public administration and the judicial system and the fight against corruption and organised crime. The enlargement process will thus continue to promote peace, democracy and stability on the continent, give the EU greater weight on the world stage and bring concrete benefits, inter alia by enhancing prosperity, the prospects for economic growth and transport and energy opportunities.

The Council reaffirms that it fully supports the European perspective of the Western

Balkans countries. It recalls the conclusions adopted on that subject on the same day.

The Council welcomes the intention of the incoming Czech Presidency to celebrate, in May 2009, the anniversary of the fifth EU enlargement.

Turkey

The Council welcomes the Turkish Government's reaffirmed commitment to work for the reforms, and hopes that Turkey will now redouble its efforts to implement the measures so long awaited.

The Council recalls the strategic importance for the Union of Turkey. It applauds in particular the active and constructive role Turkey has played with its diplomatic initiatives in relation to the South Caucasus and the Middle East, and welcomes the close political dialogue between Turkey and the EU on all these matters. The Council particularly encourages the incipient rapprochement with Armenia. It also notes with satisfaction that Turkey is now a viable market economy.

The Council is pleased that a serious political crisis was able to be averted in the summer of 2008. It considers a review of the legal rules, including constitutional rules, as regards the functioning of political parties to be more necessary than ever. It is also important that all participants in Turkish politics work to resolve their differences in a spirit of dialogue and compromise, respecting the rule of law and fundamental freedoms; this will also help with the relaunch of the reform process.

The Council is disappointed to note that over the year just passed Turkey has made only limited progress, particularly as regards political reforms. Substantial efforts to ensure that Turkey meets the Copenhagen criteria must be made in several fields, such as continued judicial reform, establishing an anti-corruption strategy, effective protection of citizens' rights, full implementation of the policy of zero tolerance of torture and ill-treatment, ensuring freedom of expression and of religion in law and in practice for all religious communities, respect for property rights, respect for and protection of minorities and strengthening of cultural

rights, women's rights, children's rights and trade union rights, and the civilian authorities' control of the military. As regards the East and the South-east, the Council takes note of the Turkish Government's decision to complete the Southeastern Anatolia economic development plan and emphasises the need to implement measures to ensure the economic, social and cultural development of the region.

The Council condemns all terrorist attacks and violence in Turkish territory in the strongest terms and expresses its full solidarity with the people of Turkey. The EU reiterates that it resolutely supports Turkey in its fight against terrorism, which must be conducted with due regard for human rights, fundamental freedoms and international law, while preserving regional peace and stability. In line with the Negotiating Framework and previous European Council and Council conclusions, the Council repeats that Turkey needs to commit unequivocally to good neighbourly relations and to the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice. In this context, the Union urges the avoidance of any kind of threat, source of friction or action which could damage good neighbourly relations and the peaceful settlement of disputes.

Recalling its conclusions of 10 December 2007, the Council notes with regret that Turkey has not yet fulfilled its obligation of full non-discriminatory implementation of the Additional Protocol to the Association Agreement and has not made progress towards normalisation of its relations with the Republic of Cyprus. The Council will continue to closely follow and scrutinise progress made the European Community and its Member States of 21 September 2005, in accordance with its conclusions of 11 December 2006. Progress is now urgently awaited.

As emphasised by the Negotiating Framework, the Council also expects Turkey to actively support the ongoing negotiations aimed at a fair, comprehensive and viable

settlement of the Cyprus problem within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles on which the Union is founded, including concrete steps to help bring about a climate favourable to such a comprehensive settlement.

The Council points out that the pace of the negotiations continues to depend in particular on progress made by Turkey in fulfilling the conditions laid down, including fulfilment of the opening and closing benchmarks and the requirements specified in the Negotiating Framework, which cover inter alia implementation of the Accession Partnership and compliance with the obligations arising from the Association Agreement. Adoption of the Turkish national programme for adopting the acquis and its effective implementation will be a key tool in this perspective.

The Council points out that the chapters for which technical preparations have been concluded will be opened or closed provisionally, according to established procedures and in line with the Negotiating Framework and subject to the Council conclusions of 11 December 2006. In this context, the Council awaits with interest the Intergovernmental Conference scheduled to be held with Turkey this month, during which further progress in the negotiations is expected.

The Council will continue to follow Turkey's progress closely and is determined to assist it in its reform efforts in order to take the negotiations forward, once all the necessary conditions have been fulfilled.

[...]

**Ministerial Statement at the
16th OSCE Ministerial Council
(Helsinki, 5 December 2008)**

We welcome the constructive and positive momentum in the peace process for the political settlement of the Nagorno-Karabakh conflict established after the two meetings of the Presidents of Armenia and Azerbaijan in

2008, in Saint Petersburg on June 6, and especially in Moscow on November 2.

The Moscow Declaration signed by the Presidents of Armenia, Azerbaijan and Russia opened a promising phase in the process of settling the conflict. We strongly encourage the sides in their aspiration to intensify efforts in the negotiation process, in accordance with the provisions of the Moscow Declaration and in co-ordination with the Co-Chairs of the OSCE Minsk Group, to further elaborate the Basic Principles proposed in Madrid on November 29, 2007 and then begin drafting a comprehensive Peace Agreement. We highly appreciate their intention to develop confidence building measures and to consolidate the ceasefire.

**Joint Declaration of the Foreign Ministers
and Deputy Minister of France, Russia, and
the United States on Nagorno-Karabakh at
the 16th OSCE Ministerial Council
(Helsinki, 4-5 December 2008)**

We, the Foreign Ministers and Deputy Minister of the OSCE Minsk Group's CoChair countries -France, Russia, and the United States -call on the parties to the Nagorno-Karabakh conflict to build on the positive momentum established during the meeting of the Presidents of Armenia and Azerbaijan in Moscow on November 2, 2008. The Moscow Declaration signed that same day opened a new and promising phase in our shared endeavor to expand peace in the South Caucasus. In that declaration, the Presidents reaffirm their commitment to advancing a peaceful settlement of the Nagorno-Karabakh conflict in the framework of the Basic Principles developed by the Minsk Group Co-Chairs in collaboration with the leaders of Armenia and Azerbaijan on the basis of their proposals advanced last year in Madrid.

We call on the parties to work with the Co-Chairs to finalize the Basic Principles in coming months, and then begin drafting a comprehensive peace settlement as outlined by those agreed principles. In keeping with

the Moscow Declaration, we call on the parties to work with the Co-Chairs to develop confidence-building measures, beginning with pulling back snipers from the Line of Contact to save lives of innocent civilians and soldiers as our mediators already proposed to the sides at the highest level during the last visit mid November. It is urgent for the parties to work with each other, the Co-Chairs, and the Personal Representative of the Chairman in Office to stabilize the cease fire through this and other measures. We reiterate our firm view that there is no military solution to the conflict and call on the parties to recommit to a peaceful resolution.

Communication from the Commission to the Parliament and the Council on the Eastern Partnership COM(2008) 823 final (Brussels, 3 December 2008)

A Changing Context

The European Union has a vital interest in seeing stability, better governance and economic development at its Eastern borders. At the same time, our partners in Eastern Europe and the Southern Caucasus all seek to intensify their relations with the EU. The Union's policy towards them must be proactive and unequivocal: the EU will give strong support to these partners in their efforts to come closer to the EU, and will give all necessary assistance with the reforms this entails, through a specific Eastern dimension within the European Neighbourhood Policy (ENP).¹

The past 15 years have brought sweeping changes on the EU's eastern flank. Since the conclusion of Partnership and Cooperation Agreements between the European Union and Eastern Partners,² successive enlargements have brought greater

geographic proximity, while reforms supported by the ENP have brought these countries politically and economically closer to the EU. The EU has a growing responsibility to the partners, to help them address the political and economic challenges that they face and to support their aspirations for closer ties. The time has come to make a step change in relations with these partners, without prejudice to individual countries' aspirations for their future relationship with the EU.

The European Council of 19/20 June 2008 invited the Commission to prepare a proposal for an "Eastern Partnership" (EaP), emphasising the need for a differentiated approach respecting the character of the ENP as a single and coherent policy framework. The Extraordinary European Council of 1st September 2008 asked for this work to be accelerated, responding to the need for a clearer signal of EU commitment following the conflict in Georgia and its broader repercussions.

A More Ambitious Partnership

The present Communication sets out proposals for an Eastern Partnership. The EaP should bring a lasting political message of EU solidarity, alongside additional, tangible support for their democratic and market-oriented reforms and the consolidation of their statehood and territorial integrity. This serves the stability, security and prosperity of the EU, partners and indeed the entire continent. The Eastern Partnership will be pursued in parallel with the EU's strategic partnership with Russia.

The ENP has already been successful in forging closer relations between the EU and its neighbours. The EaP should go further. The guiding principle should be to offer the maximum partner concerned, bringing visible benefits for the citizens of each country. An essential component of the EaP will be a commitment from the EU to accompany more intensively partners' individual reform efforts.

It is important that this partnership should be pursued with the full political engagement of EU Member States. Active

¹ http://ec.europa.eu/world/enp/index_en.htm

² Eastern partners (or "partners") for the purposes of this Communication are the Eastern Europe and South Caucasus countries addressed by the European Neighbourhood Policy: Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine.

parliamentary contacts and exchanges will also play an important role.

The EaP will be based on mutual commitments to the rule of law, good governance, respect for human rights, respect for and protection of minorities, and the principles of the market economy and sustainable development. The level of ambition of the EU's relationship with the Eastern Partners will take into account the extent to which these values are reflected in national practices and policy implementation.

Joint ownership is essential, and both sides of the EaP have their responsibilities. Only with strong political will on both sides will the EaP achieve its objective of political association and economic integration.

Work to achieve these goals should go ahead on a bilateral and a multilateral track:

- The bilateral track will be designed to create a closer relationship between the EU and each of the partner countries to foster their stability and prosperity in our mutual interest. It will include the upgrading of contractual relations towards association agreements; the prospect of negotiations to put in place deep and comprehensive free trade areas with each country and greater support to meet the related requirements, leading to the establishment of a network of FTAs that can grow into a Neighbourhood Economic Community in the longer term; progressive visa liberalisation in a secure environment; deeper co operation to enhance the energy security of the partners and the EU; and support for economic and social policies designed to reduce disparities within each partner country and across borders. A new Comprehensive Institution-Building (CIB) programme will be needed to improve the capacity of each partner to undertake the necessary reforms.

- The multilateral track will provide a new framework where common challenges can be addressed. Four policy platforms are proposed below, on democracy, good governance and stability; economic integration and convergence with EU policies; energy security; and contacts

between people. The multilateral track will also advance through a number of flagship initiatives supporting the aims of the EaP to be funded through multi-donor support, IFIs and the private sector.

Deeper Bilateral Engagement

The partners do not have identical objectives for their relationship with the EU, but they all share a common wish to deepen relations. The EU should be open to this and offer a higher level of political association, and progressive intensification of links in key areas.

Building on previous Commission proposals to strengthen the ENP, the EaP will reinforce the interaction with all six partners, always tailored to each partner's specific situation and ambition. The level of Belarus' participation in the EaP will depend on the overall development of EU-Belarus relations.

New contractual relations

Association Agreements (AAs) can provide a response to partners' aspirations for a closer relationship. This contractual frame for a stronger engagement, superseding the current Partnership and Cooperation Agreements, will be negotiated with partners that are willing and able to take on the resulting far-reaching commitments with the EU. These new agreements will create a strong political bond and promote further convergence by establishing a closer link to EU legislation and standards. They should also advance cooperation on Common Foreign and Security Policy and European Security and Defence Policy.

The content of the agreements will vary and will be differentiated according to partners' objectives and capacities. The implementation of the AAs will be facilitated by successor documents to the current ENP Action Plans, incorporating where appropriate milestones and benchmarks and underpinning domestic reform agendas.

A sufficient level of progress in terms of democracy, the rule of law and human rights, and in particular evidence that the electoral legislative framework and practice are in compliance with international standards, and full cooperation with the

Council of Europe, OSCE/ODIHR and UN human rights bodies will be a precondition for starting negotiations and for deepening relations thereafter.

To assist partners in meeting these conditions and to help them meet the commitments stemming from the AAs, a *Comprehensive Institution-Building programme* (CIB) for improving administrative capacity in all relevant sectors of cooperation will be developed with each partner co-financed, through the European Neighbourhood and Partnership Instrument (ENPI).³

Gradual integration in the EU economy

Open markets and economic integration are essential to the development of the partners and to their confidence in a growing partnership with the EU. The AAs will therefore provide for mutual market access, which will create new opportunities on both sides and underpin political stabilisation.

The AAs will include the goal of establishing a *deep and comprehensive free trade area* (DCFTA) with each of the partner countries.⁴ These DCFTAs will be established only once these countries have joined the WTO.⁵ They will cover substantially all trade, including energy, and aim at the highest possible degree of liberalisation⁶ (with the asymmetry in the pace of liberalisation appropriate to the partners' economies). They will contain legally binding commitments on regulatory approximation in trade-related areas and will thus contribute to the modernisation of the economies of the partner countries and anchor the necessary economic reforms. They will create real perspectives for enhanced movement of Industrial Products

³ Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006.

⁴ Agreement in its Communications on "strengthening the ENP" of 4 December 2006 - COM(2006)726 - and on "a strong ENP" of 5 December 2007 - COM(2007) 774 - and, in particular, in its non-paper on the "ENP — a path towards further economic integration", see http://ec.europa.eu/world/enp/pdf/nonpaper_economic-integration_en.pdf.

⁵ Currently only Azerbaijan and Belarus have not yet concluded their WTO accession negotiations.

⁶ This includes limiting the number of agricultural products excluded from full liberalisation, cf. "A strong ENP", 5 December 2007 - COM(2007)774.

and the recognition of equivalence achieved by partners related to sanitary and phytosanitary standards for agricultural and food products), capital and the supply of services (inter alia through provisions on mutual recognition of legal and institutional frameworks in certain sectors, better conditions for establishment of companies, and more opportunities for persons to be temporarily present in the territory of the parties for business purposes), to be achieved over the long term.

Some partners may not be ready to negotiate and enter into the commitments that such a goal entails at the time when the AAs are concluded. Nevertheless, the objective of establishing a DCFTA will form an integral part of the AAs, with a commitment to start negotiations on a WTO-compatible deep and comprehensive free trade area as soon as the partner country is sufficiently advanced in its preparation to negotiate, implement and sustain the effects of a far-reaching liberalisation. The Commission's ENP Progress Reports and specific feasibility studies will contribute to this assessment. The CIB will assist partners to prepare for the negotiation and implementation of DCFTA-commitments.

A longer-term goal would be the creation of a network of bilateral agreements among the partners, possibly leading to the creation of a Neighbourhood Economic Community. This is discussed further in section 4.

In parallel, sectoral measures should be pursued to facilitate market access for partners. In the agriculture sector, agreements on *Geographical Indications* will be negotiated with partners,⁷ and an *Agricultural Dialogue* could be envisaged, where needed, to improve mutual understanding of EU and partners' agricultural policies and to work towards harmonisation. *Intellectual Property* protection could be strengthened through an enhanced dialogue and by validation agreements between partners and the

⁷ Negotiations with Ukraine and Georgia are ongoing, and a proposal to this end has been made to Moldova. The resulting agreements will be included subsequently in the DCFTA agreements.

European Patent Office. With a view to developing economic activities in an appropriate regulatory framework, good governance in the tax area will be promoted.

Mobility and security

Partners emphasise that mobility is a key litmus test for engagement with the EU and promoting mobility in a secure environment⁸ should be a priority for the EaP. The EU should promote mobility of citizens with those partners that are willing to commit to ensure that the conditions for well managed and secure mobility are in place.

The EU should offer partners "*Mobility and Security*" pacts that would include both the mobility aspect and the conditions required to ensure the secure environment. Key policy areas that would be covered by such pacts would include fighting illegal migration, upgrading the asylum systems to EU standards, setting up integrated border management structures aligned to the EU *acquis*, as well as enhancing the abilities of police and judiciary in particular in the fight against corruption and organised crime. The pacts would improve the mobility of people, while contributing to the partners' own stability and security, as well as to the security of the EU borders. They will be tailor-made on a country-by-country-basis.

The *mobility* side of the pacts would reflect the recent Commission Communication on Strengthening the Global Approach to Migration and the European Pact on Immigration and Asylum, endorsed by the European Council in October 2008. The main tool would be the Mobility Partnership, as identified in the framework of the Global Approach to Migration and currently tested with a number of countries, including the Republic of Moldova (hereafter referred to as "Moldova"). Developments in the area of visa policy will be an integral part of this wider concept.

Visa policy would follow a phased approach, leading to visa liberalisation under specific conditions and with accompanying measures,

including financial assistance for our partners.

In addition to proposals that have been tabled previously, in the framework of the pacts the EU should:

- As a first step, initiate talks on *visa facilitation* with partners without such agreements. Visa facilitation agreements would be accompanied by readmission agreements and, where necessary, by technical assistance under overall assistance budgets to help partners meet the obligations stemming from these agreements;
- As a second step, revise these agreements to introduce additional facilitations, e.g. waiving the visa fee for all citizens.⁹
- Develop a *coordinated plan to improve Member States' consular coverage* in the region by encouraging Member States to make wider use of representation and through financial support for the establishment of Common Visa Application Centres, based on the successful experience in Chisinau;
- Once visa facilitation and readmission agreements are effectively implemented, open dialogues on *visa-free travel* with all cooperating partners.¹⁰ Dialogues would establish roadmaps leading to visa waiver, dealing with four main blocks of issues: document security; fight against irregular migration, including readmission; public order issues; and external relation issues, including human rights of migrants and other vulnerable groups.
- The Commission will launch a study to quantify the costs and benefits for the EU and for partners with regard to *labour mobility* and possible labour-matching

⁸ COM(2007) 774.

⁹ Extrapolating from statistics for 2007, assuming that the number of applications does not change, the annual cost of a visa fee waiver for all six partners would amount to some € 75 million in total for all Member States belonging to the Schengen zone. Member States not belonging to the Schengen zone would also be invited to consider waiving their visa fees.

¹⁰ The September 2008 EU-Ukraine Summit decided to launch a dialogue on a mutual visa-free travel regime as a long-term perspective.

measures.¹¹ Depending on the results of the study, the EU would pursue a targeted opening of the EU labour market to citizens of partners, as well as measures to facilitate circular migration, within the framework of Mobility Partnerships.

– To ensure that mobility takes place in a *secure environment*, the EU should also help its partners implement the political and legislative commitments they have already undertaken in the ENP framework in the justice and law enforcement areas. This could be done through reinforced technical cooperation and financial assistance, where the role of twinning projects and TAIEX should be substantially enhanced.

In particular, in the framework of the pacts the EU should:

- Help partners establish *high-standard border management* procedures at the external borders;
- Assist them in setting up an *effective data protection regime* which would allow them to share *operational information* with Europol and Eurojust in the context of bilateral agreements;
- Grant partners special status in relevant *EU agencies*, where feasible;
- Support them in adopting and effectively implementing national strategies in line with EU standards to *fight vigorously against organised crime, trafficking and high-level corruption*, and to prevent money laundering and financing of terrorism, which need to be tackled effectively at an early stage.

Energy security

The EaP will aim to strengthen the energy security of the EU and of the partners with regard to long-term energy supply and transit.¹² In addition to multilateral

initiatives (see section 4.3.), the Commission proposes, taking account of the Second Strategic Energy Review,¹³ a number of bilateral measures.

– Inclusion of “*Energy interdependence*” provisions in the AAs, in coherence with, inter alia, EU trade, competition and energy policies, to be negotiated with partners, taking account, where appropriate, of existing Memoranda of Understanding;¹⁴

– Swift completion of negotiations on Ukraine’s and Moldova’s membership in the *Energy Community*. When appropriate, an extension of observership to other partners should be considered;

– Conclusion of *Memoranda of Understanding* on energy issues with *Moldova, Georgia and Armenia* as additional flexible instruments, when needed. They should contain measures to support and monitor the security of energy supply and transit, including for key energy infrastructures. In the case of Armenia, the MoU would also address the closure of the Medzamor Nuclear Power Plant;

– Enhanced support for the full integration of *Ukraine’s* energy market with that of the EU, recognising the importance of a satisfactory assessment of the level of nuclear safety in all Ukraine’s operating nuclear power plants. Rehabilitation of the Ukrainian gas and oil transit network is a priority, including through improvement of the monitoring of gas and oil flows into Ukraine. A pledging and investment conference aiming to assist Ukraine in the rehabilitation and development of its gas transit network will be held in 2009;

– Enhanced political engagement with *Azerbaijan* as the only EaP hydrocarbon exporting partner to the EU, based on Azerbaijan’s gradual convergence with the

¹¹ The study will build on the forthcoming Commission communication ‘New skills for new jobs’ and would complement it.

¹² The closeness of main hydrocarbon transit pipelines to zones of conflict remains of concern. Instability in the Southern Caucasus can also threaten the region’s energy security. A very large Georgian hydroelectricity plant lies at the fringes of Abkhazia. Georgia trades electricity with Armenia and Azerbaijan. Gas supplies from Russia reach Armenia via Georgia. The main gas pipeline from

the Russian Federation to the Balkans passes through the Transnistrian region of Moldova. These factors impact on investor confidence, on the prospects of sustainable energy transit through the Caucasus and on the EU’s strategy for securing new suppliers in Central Asia.

¹³ An EU Energy Security and Solidarity Action Plan - COM(2008) 744.

¹⁴ The MoUs mentioned in this Communication are not legally binding instruments.

EU energy market and infrastructure integration;

- Finalisation of a European Commission-*Belarus* declaration on energy, as a basis for further development of energy cooperation. This cooperation could cover, inter alia, hydrocarbon transit and energy sector reforms;
- Encouragement to all partners to participate in the *Intelligent Energy Europe Programme*.

Supporting economic and social development

Some partners have structural problems stemming from sharp economic and social disparities between their regions and population groups, which are often divided by historical, cultural, ethnic and religious differences. All of them also seek economic convergence with the EU. To address these challenges, EaP partner countries should be able to draw on the experience and mechanisms of EU economic and social policies. The Commission proposes:

- *Memoranda of Understanding on regional policy* with partners, as a basis for dialogue. EU expertise and networks can assist in building up administrative capacity at national and local level and support national development plans.
- With additional funding (see section 5), cooperation with partners on pilot *regional development programmes* addressing local needs for infrastructure, human capital, and small and medium sized enterprises (SMEs), modelled on EU cohesion policy.
- Direct co-operation between the regions of the EU and of the partner countries, including participation of relevant partners in existing *transnational programmes in South-Eastern, Central and Northern Europe*.
- Extending ENPI-funded *cross-border co-operation*, currently implemented at the external borders of the EU, to the borders between partners.

A New Framework for Multilateral Cooperation

The EaP will add a new multilateral framework to the EU's relations with its partners. This will support progress in partners' bilateral relations with the EU, which will continue to be governed by the principle of differentiation, developing according to the ambitions and capacities of each. It will provide a forum to share information and experience on partners' steps towards transition, reform and modernisation¹⁵ and give the EU an additional instrument to accompany these processes. It will facilitate the development of common positions and joint activities. The multilateral framework will foster links among the partners themselves and will be a natural forum for discussion on further developments of the EaP.

Crucially, legislative and regulatory convergence is essential to the partners' progress in coming closer to the EU. The proposed multilateral framework will provide the setting for the systematic organisation of dedicated sessions involving the relevant European Commission services and, where appropriate, Member State experts, devoted to the presentation and explanation of the EU legislation and standards as well as its comparison with national policy and legislation. In this way the EaP will initiate a *structured approximation process*, supported by the CIB.¹⁶

There is substantial complementarity between the EaP and the Black Sea Synergy and other regional and international initiatives. This is discussed in the Commission staff working paper accompanying this Communication.

Operational structure

The Commission proposes to organise the multilateral EaP framework at four levels:

- Meetings of EaP Heads of State or Government should be held every two years.

¹⁵ See the Commission non-paper on "ENP — Thematic Dimension" of spring 2007, http://ec.europa.eu/world/enp/pdf/non-paper_thematic-dimension_en.pdf.

¹⁶ EU legislation and standards will continue to be presented and discussed also in the frame of bilateral thematic subcommittees.

– The EaP should also advance through *annual spring meetings of Ministers of Foreign Affairs* from the EU and from the Eastern partners, including Belarus as appropriate, attached to a General Affairs and External Relations Council. Foreign Ministers will review progress and provide policy guidance. Work in the individual sectors can be enhanced through sector-specific ministerial conferences.

– At the third level, four thematic platforms should be established, according to the main areas of cooperation (see section 4.2). Each platform will adopt a set of realistic, periodically updated, core objectives — with a corresponding programme of work — and will review progress. Meetings would be held at least twice a year at the level of senior officials engaged in reform work in the relevant policy areas. Member States with an experience of transition have a particular contribution to make to the process. The platforms will report to the annual meetings of Foreign Ministers. The Commission will prepare the meeting agendas in close cooperation with the EU Presidency and partners and will chair the meetings. The work of the platforms may occasionally be promoted through sector-specific ministerial meetings.

– At the fourth level, there should be panels to support the work of the thematic platforms in specific areas. Their formats and participants will be determined according to need.

For its part, the Commission will review its internal structures to ensure the necessary coordination for a successful implementation of the EaP.

Thematic platforms

Democracy, good governance and stability

While their individual stages of reform differ, partner countries face similar challenges in developing stable *democratic institutions* and effective state structures at the service of their citizens and in complying with commitments stemming from their Council of Europe and OSCE membership. Their ongoing reforms also require stronger participation of civil society to enhance

oversight of public services and strengthen public confidence in them. Multilateral activities could thus include governance peer reviews and exchanges of best practices to address issues such as electoral standards, regulation of the media or combating corruption.

The EaP should also promote *stability* and multilateral *confidence-building* with the goal of consolidating the sovereignty and territorial integrity of partners. It should advance political dialogue in fields of common interest and cover specific CFSP and ESDP issues, including the participation of partner countries in ESDP missions and exercises. Early-warning arrangements should be enhanced, with particular focus on conflict areas.

Economic integration and convergence with EU policies

Partners can draw benefits from coordinating their efforts towards economic integration and regulatory convergence with the EU. As a long-term goal, the EU should encourage these countries to establish a network of *DCFTAs* among themselves or regional free-trade agreements based on the bilateral commitments undertaken in the DCFTAs with the EU. This would strongly enhance intra-regional trade and economic integration and complement the countries' efforts to better integrate with the EU economy. An important element contributing to further economic integration would be the diagonal cumulation of origin. Another key action is to support the partner countries' customs reforms with the objective of improving capacity in line with international and EU standards. This process should be specifically geared to their status as transition countries and accompanied by appropriate flanking policies.

As a further step, the EU and its partners may reflect on a broader regional trade approach establishing a *Neighbourhood Economic Community*,¹⁷ taking inspiration

¹⁷ The Commission services outlined the scope of required efforts in a non-paper entitled “ENP – a path towards further economic integration” of spring 2007”, http://ec.europa.eu/world/enp/pdf/nonpaper_economic_integration_en.pdf.

from the European Economic Area¹⁸ where appropriate. Such a Community would in the longer term offer full access to the single market. It would require the partners to develop the capacity of their economies to be able to fully withstand the competitive pressures of the single market and to demonstrate not only a willingness to adopt all relevant elements of the EU acquis, but also a capacity to implement them, with comparable standards and practices. Substantially increased technical assistance and funding will be needed to achieve this objective.

Private sector involvement will be sought, with a view to improving the business climate in the partner countries. Efforts will also focus on enhancing employment, decent work, social cohesion and equal opportunities, aiming at a positive impact of economic integration.

Multilateral cooperation should be extended to *environment policy and climate change*, to address issues such as multilateral conventions, strategic planning, environmental governance, enforcement, specific environment themes, the financing of environment investments in a regional context, climate change mitigation and adaptation, the involvement of partners in international discussions on future climate action and experience sharing on emissions trading. The EaP multilateral process should also facilitate the *interconnection* of partners' transport and telecommunications networks — among themselves and with the EU — and the harmonisation of the regulatory environment. Strong and diversified regional transport cooperation already exists;¹⁹ the EaP could promote additional technical talks on selected topics such as aviation safety, inland navigation and infrastructure projects, taking due account of on-going talks in other regions. The deployment of advanced research and communications networks should also be promoted.

Energy security

¹⁸ Iceland, Liechtenstein, Norway and EU Member States.

¹⁹ Notably in the frame of TRACECA.

The energy security of the EU and partners is closely linked and the EaP Energy Security platform should concentrate on measures of mutual interest:

The EaP will aim to develop and implement *mutual energy support and security mechanisms*, including early warning mechanisms and joint security actions. One of the objectives will be to strengthen contacts on energy security and to enhance energy crisis preparedness. An energy security panel will be established to support this work. This panel may consider formalising partners' interaction, on an ad hoc basis, with the EU's NESCO (Network of Energy Security Correspondents), and would build on existing arrangements with the Gas Coordination Group and the Oil Supply Group, and bearing in mind the work being undertaken in other fora, including the Energy Community, where appropriate.

The EaP will furthermore accelerate the *harmonisation of partners' energy policies and legislation* with EU practice and *acquis*, inter alia, in the area of electricity, gas, oil, renewables, and energy efficiency. Intensified cooperation with key stakeholders (national administrations, regulators, agencies) will support this process.

The creation in the medium term of a mutually beneficial *interconnected and diversified energy market* between the EU and partners will also be pursued. This requires the development of an Energy Infrastructure Action Plan for the EaP, taking into account the Second Strategic Energy Review and the EU Priority Interconnection Plan.²⁰ Partners' storage capacities for oil and gas should also be improved, including through the encouragement of joint storage arrangements. Concerning key infrastructures that face heightened non-commercial risks, the development of *public-private partnerships* bringing together the EU with the EaP partner countries may also become increasingly important.

²⁰ COM(2006) 846 final/2, 23.2.2007.

Energy security of the EU and partners requires a strong *diversification of supply and transit routes*. This could be better achieved by closer involvement of third countries including Central Asia countries. Therefore, the EaP should contribute towards the ongoing strengthening of the Baku Process as a genuine energy partnership, with a full participation of countries of Central Asia as a key energy producing region, and including through the development of the Southern corridor including the Transcaspien.

Contacts between people

Interaction between EU and partner countries' citizens, in particular young people, needs to be recognised as a promoter and monitor of change and will be encouraged. The EU has specifically recognised the value of *cultural cooperation* and inter-cultural dialogue as an integral part of all external policies and has underlined the importance of cultural cooperation in addressing political processes and challenges.²¹ Cooperation can also build on a number of popular Community and external assistance programmes, notably in the area of *education*, including language learning, *youth* and *research*. The development of the *Information Society* and the role of *media* in facilitating contacts between people must also be supported.

Flagship initiatives

The objectives of the EaP may also be advanced through selected flagship initiatives providing visibility and focus to multilateral cooperation. These initiatives should seek to mobilise multi-donor support, funding from different IFIs and investment from the private sector. The Commission considers that they could include an *Integrated Border Management Programme*; an *SME Facility*; promotion of *Regional electricity markets, energy efficiency and renewable energy sources*;²² development of the *Southern energy corridor*; and

cooperation on *Prevention of, preparedness for, and response to natural and man-made disasters*.

Potential subjects for the work of the thematic platforms and panels and a description of the proposed flagship initiatives are set out in the Commission staff working paper.

Participation

Beyond government representatives and the European Commission, work will involve other EU institutions, international organisations (such as the OSCE and CoE), International Financial Institutions, parliaments, business representatives, local authorities, and a wide range of stakeholders in the fields covered by the thematic platforms.

Particular attention should be paid to the involvement of civil society. The Commission proposes to support the further development of Civil Society Organisations (CSOs) and to establish an EaP *Civil Society Forum* to promote contacts among CSOs and facilitate their dialogue with public authorities.

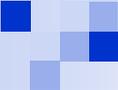
Third countries could be involved in the work of a thematic platform, a panel or an initiative, on a case by case basis and if there is agreement that common interests in a topic, geographical proximity or existing economic links would make this beneficial.

The Commission would welcome any initiative by the European Parliament to make the "*EuroNest*" parliamentary cooperation that it has developed an integral part of the EaP. In addition, a Parliamentary Troika comprising the European Parliament, the OSCE and the Council of Europe Parliamentary Assemblies could underpin the multilateral aspects of the EaP.

The Commission invites the participation of the *Committee of the Regions* and the *European Economic and Social Committee*, particularly in the work under thematic platforms on *Democracy, good governance and stability* and on *Contacts between people*.

²¹ EU Presidency Conclusions of the European Council of June 2008, paragraph 78.

²² Work in this area has already begun under the INOGATE Programme.



The Commission further invites the Committee of the Regions to establish an Eastern Europe and South Caucasus Local and Regional Assembly and the European Economic and Social Committee to participate in the Civil Society Forum.

Resources

One of the clearest signals the EU can give of a concrete commitment to its partners is to bring funding levels in line with the Partnership's level of political ambition. Substantially increased financial resources are required to achieve the objectives set out in this proposal.

These funds will be used to advance the EaP reform agenda through the implementation of CIB programmes which will provide advice and training (e.g., through twinning and TAIEX) to public administrations as well as equipment and specialised infrastructure (e.g., laboratories) needed for their operation. The increased resources will also finance the operations of the platforms and support a number of flagship initiatives. Finally, they will support the establishment of partners' regional policies fostering stability through the promotion of internal cohesion and the reduction of socio-economic disparities.

Current ENPI funding for the partners amounts to some € 450 million in 2008. The Commission intends to propose progressively raising this amount to reach approximately € 785 million in the year 2013. This will require supplementing the current ENPI envelope with *€ 350 million of fresh funds* on top of the planned resources for 2010-13. In addition, in the framework of the budget review, consideration will be given to further raising the level of assistance to reflect the level of ambition of the policy towards these partners.

In order to address the most immediate needs the ENPI Regional Programme East will be refocused to sustain the EaP multilateral dimension. Funds available within the 2009 envelope can be used to kick-start urgent initiatives and approximately *€ 250 million* under the current ENPI envelope can be re-programmed for the period 2010-13.

This combination of fresh and reprogrammed funds will bring the total amount of resources devoted to the new initiatives identified in this Communication to *€ 600 million*.

Beyond increasing Community grant assistance, a vigorous EaP will require practical measures to ensure effective delivery and improved donor coordination, and to leverage more investment funding, notably through the EIB and EBRD. The Mid-term review of the external mandate of the EIB will provide an opportunity to consider raising the indicative ceiling for the Eastern partners and widening its scope. For major infrastructure projects, support for public/private investments through the coverage of non-commercial risks should be considered. The Neighbourhood Investment Facility (NIF) can be used to channel EU grant funds for such projects and the Commission calls on Member States to contribute financially to the EaP including through increased contributions to the NIF. Further information concerning these issues is found in the Commission staff working document accompanying this Communication.

The implementation of the EaP will also necessitate the allocation of adequate human resources within the relevant Commission services. In particular, the EC Delegations in the partner countries need to be reinforced.

Conclusions

The rationale of the ENP – that the Union has a vital interest in promoting better governance and economic development through a determined engagement in its neighbourhood – is more valid than ever. Deepening our relations with the partners through the Eastern Partnership is thus both a strategic imperative and a political investment for the EU, which will pay dividends to Europe's citizens.

The EaP will contribute to energizing reforms, integrating markets and societies, projecting stability and counteracting the risk of the emergence of new borderlines across our continent.

The Commission calls on the Council and European Parliament to provide strong political and financial support to the EaP.

The Commission proposes that the Eastern Partnership be launched at a Summit Meeting in *the spring of 2009*, involving the Heads of State or Government of all EU Member States and will adopt a Political and partners. This “*Eastern Partnership Summit*” will adopt a Political Declaration establishing the Partnership, spelling out its main goals and principles and determining the general features of the ensuing cooperation process.

**Commission Staff Working Document
Accompanying the Communication from
the Commission to the European
Parliament and the Council on
the Eastern Partnership
SEC(2008) 2974/3
(Brussels, 3 December 2008)**

Potential Subjects for the Work of Eastern Partnership (EAP) Thematic Platforms and Panels

For the thematic platform on *Democracy, good governance and stability*, the Commission proposes:

Democracy and human rights

- Exchanges of best practices and dedicated workshops on such issues as electoral standards, regulation of the media, the fight against corruption, transparent management of public goods and civil service reform.
- In cooperation with the Council of Europe, a facility for conducting peer reviews in the areas covered by CoE Conventions, modelled on the Commission’s cooperation with the OECD under SIGMA.
- Allocation of resources for the training and networking of local authorities, with a view to strengthening administrative capacities and promoting local government reform. This would be carried out in cooperation with the Committee of the Regions.

Justice, freedom and security

- Support for partners¹ efforts to establish integrated border management systems, including cooperation on border control and border demarcation where appropriate.

- A multilateral dialogue on visa liberalisation and security standards, with visa-free travel and a common readmission area as a long-term goal. A first step could be to conduct an assessment of the current situation.

- Multilateral cooperation in the judicial and police fields, on law enforcement issues, combating organised crime and trafficking in human beings, co-ordinated national drugs strategies, and strengthening customs administrations;

Security and stability

- The pooling of information and resources to facilitate prevention of, preparedness for, and response to natural and man-made disasters, including a close link with the EU Civil Protection Mechanism.²

- Contacts among Civil Society Organisations to improve their capacity for advocacy and promote confidence building in areas of protracted conflict.

- Cooperation on specific CFSP and ESDP issues, including the participation of partner countries in ESDP missions and exercises, and coordination of diplomatic activities. A mechanism to involve partner countries in consultations concerning ESDP operations could be considered. Security-related early-warning systems should be enhanced, with particular focus on conflict areas. Closer cooperation on arms-export practices and non-proliferation could also be envisaged.

¹ Eastern partners (or “partners”) for the purposes of this Staff Working Paper are the Eastern Europe and South Caucasus countries addressed by the European Neighbourhood Policy: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, hereafter referred to as Moldova, and Ukraine.

² Administrative Agreements will be concluded to ensure that, over time, all partners can cooperate with the EC’s Monitoring and Information Centre (MIC). Among partners, this kind of agreements has so far only been concluded with Ukraine.

For the thematic platform on *Economic integration and convergence with EU policies*, the Commission proposes:

Trade and regulatory approximation

- Thematic workshops to assist partners in their efforts concerning trade -and market-related approximation and administrative capacity development in areas such as sanitary and phyto-sanitary rules, customs and trade facilitation, taxation (especially good governance in the tax area), intellectual and industrial property rights, public procurement, competition and services, including financial services;
- Support for the creation of a network of bilateral Deep and Comprehensive Free Trade Areas (DCFTA) among the partner countries based on the same principles and objectives as the DCFTAs between the EU and the partner countries.
- Networking and cooperation between partners' regulatory authorities.
- Strengthening of traditional trading contacts to step up trade in goods and services among partners.
- Cooperation on enforcement of IP protection, in particular as regards counterfeited and pirated goods.
- Exploration of possibilities for partners to participate in a system of diagonal cumulation of origin.
- Increased cooperation on customs and trade facilitation and border management to ensure a smooth flow of goods between the European Union and the partners (and beyond), enhance security and safety and combat customs fraud.
- Definition of a roadmap leading to accession to the Common transit system (membership in Common Transit and SAD Conventions) and exploration of possibilities to extend the current pilot project on exchanges of advance customs (transit) information with Russia, based on the contents of the TIR-Carnet, to other partners.
- Consideration of drug precursor agreements in the region.

- Maritime cross-sectoral co-operation among services, industries and scientific institutions, and cooperation and integration on the surveillance of the sea, with a view to safety and security of shipping and environmental protection.

Socio-economic development

- Identification of key issues for effective enterprise policies and the promotion of a conducive business climate.
- Development of comprehensive and coherent strategies for labour market policies, improvement of social dialogue, poverty reduction, decent work, social inclusion and protection, and equal opportunities.
- Multilateral cooperation on health topics (sector reform, HIV/AIDS and tuberculosis, approximation and implementation of EU practices). Possible partnership arrangements between partners' authorities and the Commission and EU Member States to strengthen institutional capacity and enhance preparedness to tackle the cross-border spread of diseases.

Environment and climate change

- Promotion of convergence with the environment *acquis* and strengthened implementation of multilateral environment agreements (in particular the Kyoto Protocol, CBD and UNECE conventions).
- Exchange of experience and best practice on strategic planning, environmental governance, progress monitoring, enforcement, specific environment themes (such as air, water, waste management, integrated coastal zone management and biodiversity), and the financing of environment investments in a regional context.
- Involvement of partners in international discussions on future climate action, promotion of regional action on mitigation and adaptation and climate mainstreaming, and sharing of experience on emissions trading.
- Cooperation on collection, monitoring and assessment of environment information,

including with the European Environment Agency.

- Working with partners to assess options for developing a flagship project on environment.

General issues

- Identification of partners' interests regarding participation in or cooperation with Community agencies and programmes.³
- Establishment of a programme of secondment to Member States' administrations and to the Commission of civil servants from partner countries responsible for particular areas of EU approximation.

For the thematic platform on *Energy security*, the Commission proposes:⁴

Enhancing framework conditions and solidarity

- Development and implementation of mutual energy support and security mechanisms, including early warning mechanisms and joint security actions. One of the objectives will be strengthening of energy security contacts and enhancement of energy crisis preparedness by establishing an EaP energy security panel, bearing in mind the possibility of formalising the EaP countries' interaction, on an ad-hoc basis, with the EU's NESCO (Network of Energy Security Correspondents), Gas Coordination Group and the Oil Supply Group and bearing in mind the work being undertaken in other fora.

Support for infrastructure development, interconnection and diversification of supply

- Developing an Energy Infrastructure Action Plan taking into account the Second Strategic Energy review⁵, the TEN-E Guidelines⁶ and the EU Priority Interconnection Plan.⁷ This will include the rehabilitation of existing and

the development of new energy infrastructures where appropriate, including energy interconnections between partner countries and with the EU. Partners' storage capacities for oil and gas should also be improved, including through the encouragement of joint storage arrangements.

- Support for the rehabilitation the Ukrainian gas transit network (for example through the planned international investment conference) and similar infrastructure in Belarus and Moldova.

• Exploration, together with non-EaP energy partners as appropriate, the means to improve conditions for long-term supply and purchase commitments, transit guarantees, and infrastructure security that would create a level playing-field and be attractive to third country suppliers and potential infrastructure investors. As appropriate, this will take account of the provisions of existing instruments such as the Energy Community Treaty and the Energy Charter Treaty, as well as the relevant provisions of forthcoming DCFTAs.

- The development, for those key infrastructures that face heightened non-commercial risks, public-private partnerships, bringing together the EU and partner countries, may also become increasingly important. This approach could be applied to the rehabilitation of the Ukrainian gas transit network and, as appropriate, for the Belarus and Moldovan networks. It should also be considered as an instrument for better integrating the Southern Caucasus regional market.

• Enhancement of political and practical support for the realisation of the Southern energy corridor and development of similar measures in support of the extension of the Odessa-Brody oil pipeline to Plock and other projects emanating from the western shore of the Black Sea.

- Promotion of the development of Liquefied Natural Gas (LNG) facilities in Black Sea partner countries and in the EU itself.

• Mobilisation of additional technical assistance and loans from EIB (and other

³ Communication of 4 December 2006, COM(2006) 724 final, and subsequent Council Conclusions.

⁴ A number of these proposals are addressed by the INOGATE Programme.

⁵ An EU Energy Security and Solidarity Action Plan, COM (2008) 744/4

⁶ Decision No 1364/2006/EC

⁷ COM (2006) 846 final/2, 23.2.2007

International Financial Institutions), notably through the NIF (Neighbourhood Investment Facility), e.g. to increase partner's gas, oil and oil products' storage capacities, hydrocarbon processing and transportation infrastructures, and to upgrade electricity interconnections.

- Support for the acceleration of Moldova's and Ukraine's accession to the UCTE (Union for the Co-ordination of the Transmission of Electricity) network.

Harmonisation of energy policies

- Organisation of seminars, workshops and training sessions on the EU energy *acquis* covering a wide range of areas (e.g. internal energy market; renewable energy; energy efficiency).
- Twinning and networking, and as appropriate the establishment of associations, between EU and EaP energy institutions active in the energy field (regulators, energy efficiency and renewable energy agencies).
- Development of an energy dialogue with participation of EU and partners' industry. For the thematic platform on *Contacts between people*, the Commission proposes:

Culture

- To launch a specific EaP Culture Programme that will strengthen the capacity of cultural operators in the region and enhance the role of culture as a force for reform, promotion of inter-communal tolerance and social cohesion. This programme will be complemented by opportunities to engage in Transnational cultural cooperation in the whole ENP region through a dedicated window under the EC Culture Programme as of 2011.
- To open a window to complement the Youth in Action Programme in the six partner countries. This would promote youth mobility and exchanges to enhance intercultural dialogue and mutual understanding. It would also support the role of youth NGOs and other actors to strengthen civil society in the partner countries.

- To support the Council of Europe's Kyiv Initiative on cultural heritage.

Education and research

- To significantly increase funding for the Erasmus Mundus and TEMPUS programmes, thereby increasing student and academic exchanges and promoting higher education reform.
- To support partners working towards reforms in line with the Bologna Process and integration into the emerging European Research and Higher Education Area.
- To encourage partners to take advantage of the opportunities for teaching, research and conference grants in the field of European integration studies available through the Jean Monnet Programme.
- To integrate partners more actively into the 7th Framework Programme for Research and Development.

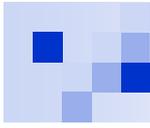
Information society and Media

- To foster cooperation among the partners' regulatory authorities for electronic communications as well as between them and the regulators of the EU Member States.
- To promote cooperation between the partners' and the EU Member States' authorities in charge of the development of the Information Society, including the widespread use of ICT by citizens, business and the public sector.
- To favour cooperation and circulation audio-visual goods and services in compliance with Council of Europe and EU standards.
- To explore the possibilities for creating joint media projects and promoting contacts among media stakeholders of different partner countries.

Indicative List of Eastern Partnership Potential Flagship Initiatives.

Integrated border management programme

Building on EU experience of upgrading border management in the context of the 2004-2007 enlargement and EU Border Assistance Missions, a programme for introducing integrated border management



at the EaP countries' non-EU borders could be developed. This is a precondition for effectively tackling customs fraud, trafficking and illegal migration, and thus for progress in key policy areas such as trade, customs and visas. Setting up integrated border management structures aligned to EU standards is also an important prerequisite for progress on the mobility of persons. Assistance for border demarcation, where appropriate, could also be provided in the frame of this initiative.

SME facility

SMEs have an enormous potential for generating growth and employment. Their development in partner countries is hampered by an inadequate legal framework and the lack of advisory services. In addition, despite significant efforts the financial sector remains behind its potential in serving the needs of SMEs and their development. The SME facility would support the needs of SMEs, and provide external stimulus to growth and employment through the provision of technical assistance to the SMEs, SME support networks and the financial intermediaries and, if deemed suitable, also of risk capital and loans.

The facility could be modelled on similar instruments that have been developed for other transition countries, and be supported through existing instruments such as the NIF.

Administrative arrangements would be simplified through a single facility which would tap into the expertise and capacities of the IFI's active in the region through their involvement in its establishment and operation. In all cases the development of the facility will build upon existing structures and operations in the area of SME support.

Regional electricity markets, improved energy efficiency and increased use of renewable energy sources

An integrated and interconnected regional electricity market in and with EaP countries will bring greater energy security for the partners and the EU. In addition, both the partners and the EU have a substantial potential to increase efficiency of energy

production, transmission and use (in the area of buildings, transport and industry). There are also great opportunities for enhancing the use of indigenous renewable energy sources. However, an appropriate regulatory framework and financing mechanisms need to be developed to realise these opportunities. Work under this initiative will take into account the existing *acquis* in this area and will include support provided through programmes such as the Intelligent Energy Europe and INOGATE.

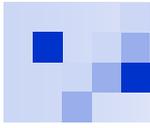
Focusing on these issues will enhance the security of electricity supply, bring environmental benefits and decrease the need for energy imports, thus improving energy security and reducing the import bill.

Southern energy corridor

The EU and its partners share an interest in enhancing energy security by diversifying energy transport routes and energy sources. The development of the strategic Southern energy corridor is one response to this quest for diversification and has been identified as one of the EU's most important energy security priorities. The participants of the "Baku initiative" for EU-Black Sea/Caspian energy cooperation have advanced work on this corridor, *inter alia* with support provided under the INOGATE programme. Further action is necessary to strengthen the "Baku initiative" into a genuine energy partnership and to work with the countries concerned, including third countries (e.g. Turkey, Caspian littoral states), with the objective of rapidly securing firm commitments for the supply of gas and the construction of the necessary energy infrastructure.

Prevention of, preparedness for, and response to natural and man-made disasters

Recent years have seen a significant increase in natural and man-made disasters, in particular floods, fires, health risks (epidemic, pandemic), maritime pollution — resulting in loss of lives, destruction of economic and social infrastructure and cultural heritage, and displacement of people. Disasters can in a matter of days have dramatic negative effects on economic



growth potential as well as on the environment. Climate change is further aggravating this negative trend. This initiative will aim to prevent, prepare for and respond to disasters affecting the partner countries and the EU, in view of the joint commitment to greater cooperation on disaster management. The co-operation will contribute to social and political stability in the region and as support countries' efforts to adapt to climate change.

The objective is to strengthen disaster management capacities at local, regional and national level, by establishing effective cooperation between the EU (the Community Civil Protection Mechanism) and the partner countries — and also among the partner countries themselves.

National civil protection authorities are the main players. However, enhanced co-operation with other stakeholders is also essential, including civil society organisations, international and donor organisations, and key local and national players. A short to medium term objective is to negotiate and conclude agreements on a formal co-operation framework.

Financial and Human Resources

Effective delivery of financial assistance

With increased volumes of assistance and recourse to such tools as twinning and TAIEX, that are adapted to institution-building needs, implementation modalities will need some adjustment. In general, operational costs of public administrations will not be supported.

Partner countries will be encouraged to systematically co-finance investments and to take more direct responsibility for the implementation of the assistance on their territory, especially through the further decentralisation of payment and contracting functions. The introduction of decentralised implementation is a lengthy process that will need to be carefully prepared and introduced. Any decision in this regard will be preceded by an audit of the recipient's financial control mechanisms.

Improved donor coordination

Coordination of EC and Member States' assistance to the six partner countries should be strengthened in accordance with the Paris declaration. The Commission intends to use the upcoming Mid-Term review of ENPI programming documents to boost joint programming with interested Member States and enhance co-ordination with all donors. EU embassies, Member States' development offices in the field and the EC delegations in each of the six capitals should improve the exchange of information in all sectors of assistance. These measures will enable EU Member States to channel funds for the Eastern Partnership priorities and projects.

Leveraging more investment funding

Investment needs in EaP partner countries are huge. Substantial progress in implementing the governance and reform agenda will make partner countries more attractive for foreign investors and, as a result, increase FDI flows. It is important for EIB, EBRD and other International Financial Institutions to step up their efforts to identify suitable investment projects in partner countries and assist their reform and modernisation efforts.

EIB and EBRD have identified a promising list of potential operations in Eastern Europe. The EIB lending mandate for Eastern Europe in 2007-13 has a sub-ceiling of €3.7 billion and this could be reached well before 2013. For this reason, in the framework of the Mid-Term Review of external assistance instruments, the Commission will consider the possibility of widening the scope and raising the relevant sub-(EIB) ceiling of the EIB's lending mandates from 2011.

Technical assistance and the blending of grants and loans will facilitate financing projects, especially in partner countries (e.g. Moldova) that have macro-economic constraints to excessively extend their foreign debt. In its first few months of operations the Neighbourhood Investment Facility has already approved six projects concerning Eastern neighbours. Grant funding of €14.8 million from the NIF has leveraged loan financing from European finance institutions worth €677 million. The NIF is operating on the basis of contributions

from the Community budget (€250 million planned for 2007-10) and EU Member States (€32 million pledged as of November 2008). The Commission calls on Member States to further contribute to the Facility so as to match the Community financial effort. This will allow the facility to further expand its operations.

**Final communiqué
Meeting of the North Atlantic Council at
the Level of Foreign Ministers Held at
NATO Headquarters
(Brussels, 3 December 2008)**

[...]

16. We look forward to welcoming Albania and Croatia as new members of the Alliance, which will strengthen security for all in the Euro-Atlantic area. Albania and Croatia have already accomplished important reforms and are making significant contributions to our security. As they soon join us in the Alliance's continuous transformation and reform process, we encourage Albania and Croatia to continue making progress on reform before completion of their ongoing Membership Action Plan (MAP) work and after accession in order to enhance their contribution to the Alliance. We commend the July 2008 signature of the Accession Protocols and look forward to the completion of the ratification process. Our aim is to welcome the two new members into our Alliance at our next Summit.

[...]

18. We reaffirm all elements of the decisions regarding **Ukraine and Georgia** taken by our Heads of State and Government in Bucharest. Both countries have made progress, yet both have significant work left to do. Therefore, we have decided to provide further assistance to both countries in implementing needed reforms as they progress towards NATO membership.

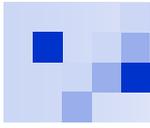
19. Through a performance based process NATO will maximise its advice, assistance, and support for their reform efforts in the framework of the NATO-Ukraine

Commission and NATO-Georgia Commission, which have a central role to play in supervising the process set in hand at the Bucharest Summit. In this context, we have decided to amend the NATO-Ukraine Charter on a Distinctive Partnership together with our Ukrainian partners to reflect this central role of the NATO-Ukraine Commission, as is already the case in the NATO-Georgia Commission. We have also decided to reinforce the NATO information and liaison offices in Kyiv and Tbilisi. Finally, without prejudice to further decisions which must be taken about MAP, we have agreed that under the NATO-Georgia Commission and NATO-Ukraine Commission, Annual National Programmes will be developed to help Georgia and Ukraine advance their reforms, which will be annually reviewed by the Allies.

[...]

22. In light of the new Serbian Government's stated commitment to Euro-Atlantic values and partnership, NATO continues to support Serbia's integration into the Euro-Atlantic community of nations. We welcome Serbia's desire to pursue further practical cooperation with NATO, including through full use of Partnership for Peace (PfP). The recent signature of the Agreement with NATO on the Security of Information represents an important step in this regard. We stand ready to further develop our partnership, in particular through elaboration of an Individual Partnership Action Plan in accordance with the PfP principles of inclusiveness and self-differentiation. All NATO partnership opportunities for political consultation and practical cooperation remain open to Serbia. We call upon Serbia to influence the parties concerned in Kosovo to abstain from violence.

23. We acknowledge Serbia's recent capture and extradition of the war crimes indictee Radovan Karadžić and urge Serbia to continue its efforts, in particular to capture and extradite fugitive Ratko Mladić and other remaining fugitives. We continue to expect Serbia and Bosnia and Herzegovina to cooperate fully with the International Criminal Tribunal for the former Yugoslavia



and will closely monitor their respective efforts in this regard.

24. While we continue to believe in the importance for Euro-Atlantic security of relations between NATO and Russia that are based on constructive dialogue – including on issues that divide the Alliance and Russia – and cooperation, recent Russian actions and statements have seriously diminished our confidence in Moscow's continuing commitment to the founding values and principles of the NATO-Russia relations. Following Russia's disproportionate military actions during the conflict with Georgia in August, we determined that there could be no business as usual in our relations with Russia. Russia's subsequent recognition of the South Ossetia and Abkhazia regions of Georgia, which we condemn and call upon Russia to reverse, contravenes the OSCE principles on which the security of Europe is based and the United Nations Security Council resolutions regarding Georgia's territorial integrity which Russia endorsed. We reaffirm our adherence to these values and principles and call on Russia to demonstrate its own commitment to them. We call upon Russia to refrain from confrontational statements, including assertions of a sphere of influence, and from threats to the security of Allies and Partners, such as the one concerning the possible deployment of short-range missiles in the Kaliningrad region. We also call upon Russia to implement fully the commitments agreed with Georgia, as mediated by the EU on 12 August and 8 September 2008.² In the context of Georgia, we view Russia's withdrawal from the areas it has committed to leave as an essential step and welcome the steps taken thus far to implement those commitments, while underscoring the importance of full access by international monitors and reminding Russia of its responsibility in terms of security and order. We express our support for the constructive exchanges between all the parties involved in the Geneva international discussions aimed at making progress rapidly on pending issues related to security and humanitarian matters. We urge Russia, as well as all other relevant actors, to continue to engage constructively

in the resolution of these outstanding issues as the Geneva talks go forward.

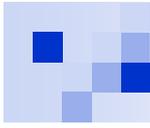
25. The NATO-Russia partnership was conceived as a strategic element in fostering security in the Euro-Atlantic area. Dialogue and cooperation remain important for our joint ability to meet effectively common security threats and challenges. We have not conducted business as usual in the NATO-Russia Council (NRC) since August. In a partnership based on common values, the lack of a shared commitment to those values must naturally cause the relationship and the scope for cooperative action to suffer. That is reflected in the limited scope of our current practical cooperation. Taking this into account, we have agreed on a measured and phased approach: we have mandated the Secretary General to re-engage with Russia at the political level; agreed to informal discussions in the NRC; and requested the Secretary General to report back to us prior to any decision to engage Russia formally in the NRC.

26. NATO's policy of outreach through partnerships, dialogue and cooperation is an essential part of the Alliance's purpose and tasks. The Alliance's partnerships across the globe have an enduring value, contributing to stability and security in the Euro-Atlantic area and beyond. We value highly the contributions that our partners are making to NATO's missions and operations.

27. We remain committed to substantive political discussions and effective cooperation within the Euro-Atlantic Partnership Council (EAPC) and Partnership for Peace, based on shared values and principles. NATO expects all Partners to fulfil their commitments to these values and principles. We encourage and will continue to support further defence and other reforms, including in the strategically important regions of the Caucasus and Central Asia. We are looking forward to the EAPC Security Forum to be held in Kazakhstan in June 2009.

[...]

31. NATO's transformation is a continual process which demands constant political



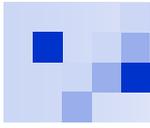
attention and active management by the Allies. We must ensure the provision of forces to allow the Alliance to conduct its full range of missions, including collective defence and crisis response operations, as envisaged in NATO's Strategic Concept and Comprehensive Political Guidance. As an Alliance, we are committed to develop policies and capabilities to deal with emerging challenges and threats, taking into account regional and national considerations, and to address the immediate security concerns of all Allies. To that end, we welcome the decision taken on increasing political targets for deployability of land forces. In addition, the Alliance will continue efforts to be able to deploy the NATO Response Force by providing the necessary forces. The Alliance will, through NATO's evolving defence planning process, further develop the capabilities required to conduct the full range of our missions and to remedy specific shortfalls. We will work particularly at improving strategic lift, enhancing the availability of mission-capable helicopters, and further strengthening our cyber defence. We remain committed to the development of a comprehensive policy for preventing the proliferation of Weapons of Mass Destruction and enhancing Alliance chemical, biological, radiological and nuclear defence.

32. Ballistic missile proliferation poses an increasing threat to Allies' forces, territory, and populations. Missile defence forms part of a broader response to counter this threat. We therefore recognise the substantial contribution to the protection of Allies from long-range ballistic missiles to be provided by the planned deployment of European-based United States missile defence assets. As tasked at the Bucharest Summit, we are exploring ways to link this capability with current NATO missile defence efforts as a way to ensure that it would be an integral part of any future NATO-wide missile defence architecture. Bearing in mind the principle of indivisibility of Allied security as well as NATO solidarity, Allies took note of progress on the development of options for a comprehensive missile defence architecture to extend coverage to all European Allied

territory and populations not otherwise covered by the United States system for review at our 2009 Summit to inform any future political decision. As all options include the planned deployment of European-based United States missile defence assets, we note as a relevant development the signature of agreements by the Czech Republic and the Republic of Poland with the United States regarding those assets. As Defence Ministers did at their Budapest Ministerial in October 2008, we also noted today the plan to complete the analysis of options for a comprehensive missile defence architecture by the Defence Ministerial in Krakow in February 2009. A report on these options will be presented to Heads of State and Government for review at their next Summit. We continue to support the work underway to strengthen missile defence cooperation between Russia and NATO, and remain committed to maximum transparency and reciprocal confidence building measures to allay any concerns, as stated at the Bucharest Summit. We also encourage Russia to take advantage of United States missile defence cooperation proposals and we remain ready to explore the potential for linking United States, NATO and Russian missile defence systems at an appropriate time.

33. We reaffirm that arms control, disarmament and non-proliferation will continue to make an important contribution to peace, security and stability, as part of a broader response to security issues. We have noted the implementation report on raising NATO's profile in this field. The report displays a broad range of activities being undertaken, including continuing efforts in preventing the spread of Weapons of Mass Destruction, and the destruction of excess small arms and light weapons and surplus munitions. We aim at achieving a higher level of public awareness of NATO's contribution in the field of arms control, disarmament and non-proliferation. The Council in Permanent Session will keep these issues under active review.

34. We place the highest value on the CFE Treaty regime with all its elements. We underscore the strategic importance of the



CFE Treaty, including its flank regime, as a cornerstone of Euro-Atlantic Security. We reiterate the endorsement by Heads of State and Government at the Bucharest Summit of the statement of the North Atlantic Council of 28 March 2008. We reaffirm the Alliance's commitment to the CFE Treaty regime, as expressed in the Alliance's position contained in paragraph 42 of the 2006 Riga Summit Declaration, the final statement by Allies at the CFE Extraordinary Conference in Vienna and Alliance statements reflecting subsequent developments. We are deeply concerned that, for nearly a full year, since 12 December 2007, Russia has continued its unilateral "suspension" of its legal obligations under the CFE Treaty. Furthermore, Russia's actions in Georgia have called into question its commitment to the fundamental OSCE principles on which stability and security in Europe are based: principles which underpin the CFE Treaty. These actions run counter to our common objective of preserving the long-term viability of the CFE regime and we call upon Russia to resume its implementation without further delay. Because of our commitment to cooperative security and fulfilment of international agreements as well as the importance we attach to the confidence that results from military transparency and predictability, we have continued fully to implement the Treaty despite Russia's "suspension". However, the current situation, where NATO CFE Allies implement the Treaty while Russia does not, cannot last indefinitely. Over a year ago, we offered a set of constructive and forward-looking proposals for parallel actions on key issues, including steps by NATO Allies on ratification of the Adapted CFE Treaty and by Russia on outstanding commitments related to Georgia and the Republic of Moldova. We continue to believe that these proposals address all of Russia's stated concerns. We urge Russia to work cooperatively with us and other concerned CFE States Parties to reach agreement on the basis of the parallel actions package so that together we can preserve the benefits of this landmark regime.

35. We remain concerned with the persistence of regional conflicts in the South Caucasus and the Republic of Moldova. We continue to support the territorial integrity, independence and sovereignty of Armenia, Azerbaijan, Georgia and the Republic of Moldova. Peaceful conflict resolution founded on these principles has gained increased relevance for overall stability in the region. We will further support efforts to this aim, and stand ready to enter into consultations with these countries on matters of regional concern. We will also support these countries in their efforts to make full use of the mechanisms for conflict prevention and peaceful conflict resolution.

36. We commend the initiatives to strengthen cooperation, security and stability in the Black Sea region and will continue to support the regional efforts to this end.

37. In line with the Bucharest Summit report on NATO's role in energy security, the Alliance has continued to consult on the most immediate risks in the field of energy security, as part of our concerns over the risk of disruption of the flow of vital resources. In Bucharest, Allies identified principles which govern NATO's approach in the field of energy security, and outlined options and recommendations for further activities. The Alliance has accordingly started a process of implementation of activities in the five areas identified in the report, including through dialogue and practical cooperation on a case-by-case basis with its partners, relevant international organisations and the private sector, with a view to promoting energy security in those areas in which NATO can add value. We note the progress achieved and look forward to a consolidated report on the subject of energy security for consideration at the 2009 Summit.

[...]

**EU Council Decision 2008/901/CFSP
Concerning an Independent International
Fact-finding Mission on the Conflict in
Georgia
(Brussels, 2 December 2008)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and in particular Article 13(3) and Article 23(1) thereof,

Whereas:

(1) On 1 September 2008, the European Council stated that the European Union is ready to commit itself to support every effort to secure a peaceful and lasting solution to the conflicts in Georgia, and that it is ready to support confidence-building measures.

(2) On 15 September 2008, the Council supported the idea of an independent international inquiry into the conflict in Georgia.

(3) Ms Heidi TAGLIAVINI should be appointed as head of this fact-finding mission,

HAS DECIDED AS FOLLOWS:

Article 1

Head of the independent international fact-finding mission and terms of reference

1. Ms Heidi TAGLIAVINI is hereby appointed head of the independent international fact-finding mission on the conflict in Georgia, hereinafter "the fact-finding mission", for the period from 2 December 2008 to 31 July 2009.

2. The aim of the fact-finding mission shall be to investigate the origins and the course of the conflict in Georgia, including with regard to international law¹, humanitarian law and human rights, and the accusations made in that context². The geographical scope and time span of the investigation will be sufficiently broad to determine all the possible causes of the conflict. The results of the investigation will be presented to the

¹ Including the Helsinki Final Act.

² Including allegations of war crimes.

parties to the conflict, and to the Council, the Organisation for Security and Cooperation in Europe (OSCE) and the United Nations (UN), in the form of a report.

3. The head of the fact-finding mission shall be responsible for the implementation of the fact-finding mission. She shall determine, in complete independence, the procedures and working methods of the fact-finding mission, and the content of the report referred to in paragraph 2.

Article 2

Financing

1. The financial reference amount intended to cover the expenditure related to the implementation of the fact-finding mission shall be EUR 1600000 for the period from 2 December 2008 to 31 July 2009.

2. The expenditure financed by the amount stipulated in paragraph 1 shall be eligible as from 2 December 2008.

3. The expenditure shall be managed in accordance with the rules and procedures applicable to the general budget of the European Communities. The management of the expenditure shall be subject to a contract between the head of the fact-finding mission and the Commission.

4. The head of the fact-finding mission shall be accountable to the Commission for all expenditure.

Article 3

Composition of the fact-finding mission

The composition of the fact-finding mission shall be decided by the head of mission. It shall comprise recognised experts, in particular lawyers, historians, military staff and human rights experts.

Article 4

Assessment

The implementation of this Decision shall be reviewed by the Council before 31 July 2009.

Article 5

Entry into effect and expiry

This Decision shall take effect on the day of its adoption.

It shall expire on 31 July 2009.

Article 6

Publication

This Decision shall be published in the Official Journal of the European Union.

Done at Brussels, 2 December 2008.

For the Council
The President
C. Lagarde

**Speech by Olli Rehn ,
EU Commissioner for Enlargement,
on “Energy Challenges in Northern
Europe” at the Pan-European Institute
20th Anniversary Conference
(Turku, 27 November 2008)**

Ladies and Gentlemen,

It is a great pleasure to be with you here in Turku. Turku is well-known as the former capital of Finland. Today it can pride itself on being the knowledge capital of Finland well on EU and Baltic Sea questions. The title of today's conference proves this: energy is at the top of the EU's agenda.

It is worth of recalling how rapidly energy has risen to the top of the EU's agenda. Only three years ago, the term "energy security" was rarely mentioned. This may be somewhat surprising since the Union started off as the Coal and Steel Community and the Euratom. Yet it was only at the Hampton Court Summit in 2005, that energy made a strong comeback onto the European agenda. Since then, the importance of energy security has become paramount. Shortly after the Hampton Court Summit, the European Commission published a Green Paper on sustainable, competitive and secure energy. Within 3 years and after much hard work, the Commission put three important legislative packages on the table in 2008, namely the internal market package, the climate and energy package and a recent energy efficiency package. I will return to these shortly.

Let me first turn to the ongoing financial crisis and the European response to it.

During last months the Commission has made several proposals aiming at stabilizing the financial markets. On Wednesday we continued the work by adopting an economic recovery plan which outlines a coordinated approach against recession.

In its economic recovery plan, the Commission proposes coordinated action by EU institutions and Member States to stimulate economy. Members States are encouraged to use both fiscal and budgetary measures in a counter cyclical way.

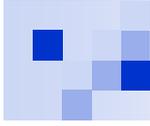
The recovery plan places particular emphasis on innovation and greening of the EU's investments and thus speeds up the shift towards a low carbon economy.

Infrastructure investments, especially in the energy sector, will be generated by faster implementation of the structural funds. It is proposed that unspent EU-funds would be allocated towards the same end.

It is important to note in this context *that the EU energy policies are a sustainable way of creating jobs and enhancing growth, and thereby are a part of the solution.*

EU needs an interconnected internal market where all Member States have sufficient gas and oil supply connections. In its recovery plan, the Commission is proposing significant extra investments in infrastructure to achieve this. The EU's market will be further strengthened by full implementation of the new internal energy market package that was recently agreed by the Council. Clear relations with energy suppliers and improved rules for competition enable citizens to benefit from better market conditions.

Urgent attention is needed to the Baltic region, which is an "energy island" waiting to be connected with the rest of the EU. For historic reasons, the region lacks electricity interconnections as well as diversified gas routes and sources, and has not been able to fully benefit from the internal market. The Commission has tabled a *Baltic Interconnection Plan* to help address this. It identifies key missing infrastructures, lists



necessary actions (including financing), and provides coordination mechanisms to bring together Member States, market players and different financing sources.

A wider EU Strategy for the Baltic Sea Region is also being prepared by the Commission. It incorporates the energy element together with a wider security aspect, and will provide a platform for common planning of the energy interconnections needed in the region. The Baltic Interconnection Plan will be developed under the Strategy connecting the Baltic States' gas and electricity systems with the energy systems of Northern and Central Europe.

The climate and energy package currently being discussed in the Council and European Parliament will help decrease the Union's dependence on fossil fuels and, therefore, on energy imports. The so-called 20-20-20 target policy is the right way forward from a medium to long term energy security viewpoint. The EU's energy production will have greater diversity of non-fossil fuel supplies, thanks to a growing proportion of renewable energy.

Alongside renewable energy, Europe needs nuclear energy to reduce its dependence on fossil fuels. The role of the nuclear energy will be essential to strengthen the Union's energy security after the year 2020.

Energy efficiency is one of the key words in the climate package. The EU's energy consumption will become smarter. We can still do a lot more with a lot less energy thanks to better energy efficiency policies. The Commission recently put several proposals on the table aimed at helping Member States to reach this goal.

EU energy policy cannot perform miracles, however. Even after the implementation of the climate and energy policies, EU's net imports of fossil fuels are still expected to stay roughly at today's levels.

Ladies and gentlemen,

Let me now turn to the external dimension of energy security, which has a clear link to the enlargement policy.

Take the case of Turkey. It is a key strategic partner in energy security. It offers safe corridors for energy transport from the Caspian region to the EU. We need to engage Turkey seriously in discussions to make the Nabucco gas pipeline operational as of 2013. Too much time has been wasted already on arguing instead of making things happen. Both my colleague Andris Piebalgs, the Commissioner responsible for energy policy, and I, are strongly committed to this process. The Caucasus region is of strategic importance to the EU as well in the energy field. The main Transcaucasian energy transport corridors were threatened during the August war in Georgia. This had an immediate impact on energy prices in the world market. Gori city sits on a major transportation crossroad, and Poti port serves as the region's main port for energy exports. The Baku-Tbilisi-Ceyhan pipeline is vital too.

The August events showed once more that the EU must work to extend the reach of democracy and liberal free trade area to include energy export and transit countries. The Commission is currently preparing a new "Eastern Partnership" under the umbrella of the Neighbourhood Policy. It aims to deepen our bilateral and multilateral cooperation with Eastern Europe in a strategic, yet flexible manner. The Partnership will be tailored to the needs of individual partner countries and respond to their wishes for closer ties with the EU, including on energy security.

The Commission will, for example, increase the number of scholarships available to these countries, and move ahead with visa facilitation to step up people-to-people contacts.

We also need to consider how further to strengthen regional cooperation in our Eastern Neighbourhood. Integrating these countries into the Energy Community would greatly contribute to the development of energy interconnections in the neighbourhood.

Allow me a few words on the EU's relationship with Russia.

Without wanting to oversimplify, it is clear that energy is a *core element of the EU's economic interdependence with Russia*. This relationship has important consequences for both sides.

Russia is and will remain the EU's main energy partner far into the future. We need to ensure that this relationship is based on trust. Each side would benefit from consolidating into law the main principles on which this partnership is based.

Russia cannot avoid economic realities and their impact on foreign policy. So regardless of its harsh rhetoric, Moscow is not immune to how the West thinks and behaves.

Russia is clearly vulnerable to swings in world energy prices. Within last nine months, Russian oil exports have decreased 5, 6 per cent year on year. The Government's spending plans are based on a \$ 70 a barrel oil price. The crude oil barrel is currently roughly at around \$ 50.

Recent periods of record high oil prices have allowed Russia to avoid dealing with the wider structural problems of its economy. Today, Russia faces a different reality. Problems have returned that were hidden before, such as differences in living standards between Russian regions and across key industries.

The rise of the middle class and entrepreneurs in Russia should eventually mean growing demands for property rights and, by extension, legal certainty and the rule of law. Legal certainty is also a prerequisite for Russia to attract foreign investors for energy sector development and exploitation of new gas fields, especially in the current environment of low oil prices and credit shortages.

Two weeks ago, the EU-Russia Summit announced a re-launch of the negotiations for a New EU-Russia Agreement.

Of course, there is no question of returning to "business as usual" after what happened in Georgia.

At the same time, we will continue our cooperation with Russia, for our own sake and based on our mutual interests, if not

always on common values. Legally binding provisions on energy interdependence must be developed. This would require complementing the New Agreement mandate with a mandate to launch FTA talks. This is partially linked with Russia's accession to the World Trade Organisation. Russian WTO membership will, in due course, facilitate long term solutions to several issues, such as Russian export duties on timber.

The new EU-Russia Agreement can help establish binding and effective transit rules across the European continent. This in turn would help make both Europe's sourcing and Russia's supply more dependable.

Ladies and gentlemen,

To conclude - with its climate and energy measures, the EU will take the first step to break the cycle of increasing energy consumption and imports. However, the 2020 policy will not be enough. The EU will remain largely dependent on imported energy – oil, coal and gas – for many years to come.

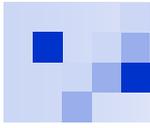
Enhancing the self-sufficiency of European energy sector is an important component of our policies. Increased energy efficiency is a goal for the coming years. Nuclear energy will have a prominent role leading EU towards a low-carbon society.

While pursuing the energy policy, we must continue our efforts to bring stability to the countries in the Eastern neighbourhood. Enlarging the European area of democratic values, rule of law and liberal market economy is a solid contribution also to the EU's energy security.

Thank you for your attention and congratulations to the Pan-European institute on its 20th anniversary.

**Main Results of the EU-Russia Summit
EU Presidency Press Release
(Nice, 14 November 2008)**

Nicolas Sarkozy, the current President of the European Council and José Manuel Barroso,



the President of the European Commission, welcomed Dmitri Medvedev, the President of the Russian Federation to Nice on 14 November 2008 for the EU-Russia summit, in the presence of the High Representative for the Common Foreign and Security Policy, Javier Solana, Commissioner Benita Ferrero-Waldner and foreign affairs ministers, Sergei Lavrov and Bernard Kouchner.

The discussions focused mainly on Georgia, pan-European security and the international financial crisis.

With regard to Georgia, the European Union noted that Russia had fulfilled a very large part of its commitments: the ceasefire, the withdrawal, for the most part, the deployment of observers, and the beginning of international talks in Geneva. President Sarkozy emphasised the need for making progress with regard to the withdrawal of Russian forces from two specific areas - the Akhalgori valley in South Ossetia and the village of Perevi in west Ossetia. The European Union saluted the Russian initiatives towards peace in the Nagorno-Karabakh and encouraged the Russian Federation to draw inspiration from this positive action in dealing with the issue of Abkhazia and Ossetia. President Medvedev thanked the Europeans and the French President in particular for their participation in finding solutions for resolving the conflict. On the issue of pan-European security, the European Union expressed its concern with regard to President Medvedev's speech in Berlin and his statements on the potential deployment of Russian missiles, stating that no missiles should be deployed until the new geopolitical conditions of pan-European security had been discussed. President Sarkozy proposed holding a meeting in mid-2009, perhaps in the framework of the OSCE, to lay the foundations of what could be the future security of Europe. The President of the European Council emphasised the importance of involving the United States in this process, indicating that the NATO summit being held in April in Kehl and Strasbourg would be a perfect opportunity to prepare a summit on these issues.

With regard to the international financial crisis, President Sarkozy appraised the Russian proposals to be of high quality on the technical, financial and economic fronts. President Medvedev noted that the Russian and European positions were practically the same, underlining that he expected the Washington summit of 15 November to deliver a response that was adequate and complete, serious solutions and a programme for action.

President Sarkozy also stated his conviction that it was in the joint interests of the Russian Federation and Europe to work on the perspective of a common economic area, allowing the creation of interdependencies and common interests, thus banishing any form of confrontation. President Medvedev noted that trade between the European Union and Russia was increasing, and now represented over 50% of Russia's foreign trade.

The European Union asked the Russian Federation to be very open in discussions with the Baltic countries, Lithuania in particular, with regard to the energy supply in the winter of 2008-2009. This request was greeted with a lot of openness by President Medvedev, indicated President Sarkozy.

President Barroso also proposed pursuing negotiations on the partnership agreement between the European Union and Russia and recalled the European Commission's support for Russia's entry into the World Trade Organisation. He emphasised the importance of intensifying dialogue on energy, recalling that this summit had allowed clarification on certain important principles in that area, and welcomed the Russian decision to postpone increasing the export rights on certain forestry products.

**EU External Relations Council
Conclusions on the European Security and
Defence Policy
(Brussels, 10-11 November 2008)**

[...]

Preparation for the EU-Russia Summit

Ministers discussed EU-Russia relations, with a view to the summit meeting in Nice on 14 November. On the conclusion of their discussion, the Presidency made the following statement:

1. The conflict in Georgia has affected the trust which is necessary for the partnership between the European Union and Russia. All points regarding the withdrawal of Russian troops from Georgia and the implementation of the agreements of 12 August and 8 September, as set out in the European Council conclusions of 1 September and 15 and 16 October, remain valid and relevant, including those concerning access to certain areas. Russia must continue to implement its commitments and enter constructively into the international discussions which have opened in Geneva. We continue fully to support the independence, sovereignty and territorial integrity of Georgia.

2. The Commission and the Council Secretariat have carried out an in-depth examination of relations between the EU and Russia, as requested by the European Council in its 1 September conclusions. That process will continue, in particular in the light of Russia's actions. It will be taken into account in the further negotiations on the new agreement with Russia and in other aspects of EU-Russia relations; it forms part of a regular process which will be continued by the Council and the Commission after the Nice Summit.

3. For the Union, dialogue and negotiation are the best means of pursuing its aims, furthering its principles and values, and resolutely defending its interests with a united front, in accordance with the negotiating mandate, which was adopted unanimously. Negotiation and dialogue on bases such as these in no way legitimise the

status quo in Georgia, or Russian action contrary to our values and principles.

4. In accordance with the European Council conclusions of 1 September which reiterate what is at stake in relations between the European Union and Russia, we expect Russia to behave in a responsible manner, honouring all its commitments, in a way which will restore the necessary confidence; we will remain vigilant, in particular on common neighbourhood issues that are covered by the Union's negotiating mandate.

[...]

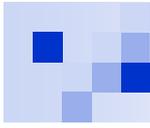
**Communication from the Commission to
the Council on a *Review of EU-Russia
Relations*
COM(2008) 740 final
(Brussels, 5 November 2008)**

The Extraordinary European Council of September 1, 2008, requested the Council, with the Commission, to conduct a careful, in-depth examination of the various aspects of EU-Russia relations. This review is to be conducted in the run-up to the EU-Russia Summit scheduled for 14 November 2008, and will be discussed at the GAERC of 10-11 November with the GAERC of 13-14 October 2008 having taken stock of developments in the Georgian-Russian conflict.

The current reflection takes place against a backdrop of developments that have cast a serious shadow over the EU Russia relationship: the violation of Georgia's territorial integrity with the use of force, and Russia's unilateral recognition of Abkhazia and South Ossetia remain unacceptable, while the principles of foreign policy recently articulated including the resurgence of spheres of influence, is a cause for concern.

The EU can approach its relationship with Russia with a certain confidence.

Economically, Russia needs the EU. The EU is an important market for its exports of raw materials, notably energy, and Russia would



like to improve the conditions for trade in nuclear materials. The recent financial crisis has underlined how acutely Russia needs to modernize and diversify its economy. The EU is the natural partner for this process, and is the main source of its foreign investments. Russia desires engagement with the EU for its own purposes, for example to achieve visa abolition or association to the EC R&D Framework Programme.

In the light of the above, the aim of this review is to consider the complex web of overlapping and shared interests in the EU-Russia relationship, and to make a sober assessment of where the EU's *own* interests now lie. The scope for pursuing and widening these interests has been established in the recently-agreed mandate to open negotiations on a successor agreement to the Partnership and Co-operation Agreement (PCA), and, once the conditions are met, negotiation of a Free Trade agreement.

The attached working document details the development of the EU Russia partnership over the last few years, and the opportunities and challenges we face in the future.

EU-Russia relations are based on the Partnership and Cooperation Agreement (PCA) in force since 1997, which was further complemented by the Four Common Spaces in 2005. This results in an institutional framework which in many respects works well, particularly at political level through the Cooperation Council (now Permanent Partnership Council in Foreign Ministers' format).

Brief review of EU-Russia relations

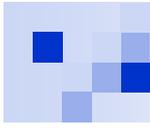
Trade and investment between the EU and Russia are substantial and growing and it is in our mutual interest that this trend should continue. Russia is our third most important trading partner and we see growth rates of up to 20% every year. Energy is a major factor, but impressive growth figures have also been seen in services. With its sustained high growth rates and emerging middle class, Russia is an important emerging market on our doorstep that offers opportunities to EU enterprises. The EU is the major investor in Russia, accounting for 80% of cumulative

foreign investment, giving us an important interest in the continuing development of the economy, which will need European investment even more in future, given Russia's quest for diversification and modernisation. This in turn will depend on Russia guaranteeing the rule of law, with a truly independent judiciary, able to ensure the enforcement of contracts. A significant share of the Russian foreign exchange reserves are held in euro, making Russia one of the largest holders of euro-denominated assets in the world. Russia has not been immune to the global financial crisis, and given our economic interdependence it is important to maintain an EU dialogue with Russia on unfolding developments.

The considerations noted above have led the EU to firmly support Russia's bid to join the World Trade Organisation. The case for early WTO accession on viable commercial terms remains strong not least because of signs, in the agricultural and natural resource sectors, of greater protectionism. Certain ongoing trade disputes like those concerning Russia's export restrictions on wood require urgent solutions to avoid deterioration of already difficult trading conditions.

Despite the boom in EU/Russia trade and investment and the many sectoral dialogues established under the Common Economic Space, there have been difficulties in several areas, from problematic customs procedures to Siberian Over-flights as well as the inconsistent implementation of international sanitary and phytosanitary standards by Russia.

EU-Russia interdependence in the *Energy* sector is a core element of the relationship. EU Member States are major buyers of energy products, and this is unlikely to change in the short term to medium term. The relationship is one of interdependence not dependence. Exports to the EU have made a major contribution to Russian growth rates. However, the EU and Russia interpret energy security and reciprocal market access differently. While Russia has been a reliable supplier of energy products, disputes with transit states, as well as insufficient upstream investment in the face of expanding demand,



raise concern about future supply. A great deal of work is still needed to build up a genuine energy partnership based on the principles of the Energy Charter Treaty and notably transparency, reciprocity and non discrimination.

Cooperation is taking place under the Energy Dialogue and covers such broad issues as energy scenarios and strategies, market developments and energy efficiency.

Important tools, such as the energy early warning mechanism could be further developed.

In the *Common Space on External Security*, political dialogue is frequent and takes place at many levels. The EU engages with Russia on Iran, the Middle East, Afghanistan, the Balkans and elsewhere as well as in international settings like the UN and the OSCE, with the aim of developing common views and approaches. Cooperation in the Middle East Peace Process and on non-proliferation in Iran has been positive. The EU and Russia have a common interest in the non-proliferation of WMD. Russia has recently contributed to the EU's ESDP mission in Chad/Central African Republic. Positions on Kosovo and the Common Neighbourhood remain farther apart, in particular after the events in Georgia. The EU should develop a common position on Russia's proposal for a new European security order. The EU has a strong interest in continued efforts to improve co-operation in these areas in the years ahead. Russia is a key geopolitical actor, whose constructive involvement in international affairs is a necessary precondition for an effective international community.

There is an EU-Russia dialogue on regional policy; in the Kaliningrad region the Facilitated Transit Scheme between the region and the mainland has worked positively. Moreover, Russia has shown new interest in the revised Northern Dimension, where the Ministerial meeting of 27 October saw important advances and there is scope for including Arctic issues in the regular dialogue between the EU and Russia.

Human rights are an area of concern. There is a general sense that there is a growing gap with regard to common commitments in the Council of Europe and the OSCE. The EU underlines to Russia the commitments it has entered into including in the PCA.

Human rights consultations with Russia take place twice a year; while their impact remains relatively limited, the latest round took place in an open and constructive atmosphere. It is important to build on what has been achieved.

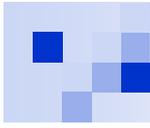
EU and Russian interests in the *Common Space on Justice, Freedom, and Security* often coincide. This is shown by: the EC-Russia Agreements on Visa Facilitation and Readmission (in force since June 1, 2007); the joint co-operation plan for 2007-2010 between FRONTEX and Russia's Border Guard Service; cooperation between the European Monitoring Centre on Drugs and Drugs Addiction and the Russian Federal Drugs Control Service and between Europol and Russian law enforcement authorities.

The EU/Russia Visa Facilitation Agreement, the first concluded by the EU and a third country, was designed to make life easier for travellers, including those from the EU itself.

The Readmission Agreement makes an important contribution to fighting illegal migration.

Greater cooperation in the area of Freedom, Security, and Justice is helping to tackle threats posed by challenges such as terrorism and organised crime. More generally, it is important that this cooperation is based on respect for human rights and the promotion of the rule of law.

Contacts between the citizens of EU and Russia are increasing. EU education exchange programmes have expanded, as has research collaboration between scientists. Work should continue on expanding people-to-people contacts across the board. An expansion in contacts, as well as meeting specific goals in defined policy fields, contributes to improving mutual understanding and trust.



The Common Space on Research, Education, Culture is characterised by a strong mutual interest. Research co-operation is governed by the EC-Russia Science and Technology Cooperation Agreement (in force since 2004) which expires in 2009 – renewal is under preparation. Entities from the Russian Federation participate in all thematic and subprogrammes of the 7th Framework Programme on Research and Development (FP7) with a Community contribution of some € 29 million. Further co-operation includes the Agreements for co-operation between Euratom and Russia in the fields of nuclear safety and controlled nuclear fusion, both concluded in 2002 for an initial period of 10 years. Russia has signalled its interest in associate status to the FP7. In the field of education Russia is committed to the Bologna process and participates in several EU-funded programmes. An important project is the European Studies Institute (ESI) in Moscow – co-financed by Russia and the EC. Cultural co-operation has started with the Kajaani process launched in 2006 with the first Culture PPC in October 2007. Follow-up since then has been relatively disappointing, with little progress on the Cultural Action Plan.

Russia receives *Financial Assistance* from a range of EC financial instruments. The ENPI is aimed at supporting the implementation of the road maps of the Four Common Spaces and the Kaliningrad region. In a new and positive development, Russia has committed to contribute funding for seven European Neighbourhood Instrument (ENPI) programmes on cross border co-operation over the period 2007-2013. However it has been more difficult to arrive at an agreed basis for the implementation of financial assistance.

Next steps

The EU and Russia should be able to discuss areas of disagreement in an open and constructive manner. This is essential to a confident and mature partnership. We should strive to improve our capacity to manage differences while advancing our common goals. The European Council has condemned Russia's unilateral decision to

recognise the breakaway in the conflict. While remaining firm on our principles, and rejecting all use of force, it is in the EU's interest to engage with Russia in renewed efforts for the resolution of conflicts in our common neighbourhood. This requires the will and the capacity of the EU to act as one, combining both Community instruments as well as those of CFSP/ESDP. The management of the conflict this summer and its aftermath is encouraging in this respect, as is the withdrawal of the Russian forces from the areas adjacent to South Ossetia and Abkhazia, while more remains to be done.

The EU expects the New EU-Russia Agreement to provide for a comprehensive legally binding framework to cover all main areas of the relationship based on our mutual interests and the international commitments which the EU and Russia have entered into, including promoting respect for human rights and the rule of law. Moreover, in order to underpin our growing economic interdependence a Free Trade Area (FTA) would be of mutual interest.

These negotiations should continue, first because this would allow the EU to pursue its own interests with Russia, and secondly because this is the best way to engage with Russia on the basis of a unified position. When the EU speaks with one voice, and acts as one, Russia takes notice and the EU is able to influence the course of events. The unanimously agreed mandate for the negotiations for the New EU-Russia Agreement provides us with an important instrument to pursue our objectives in a united way.

For these reasons it is the view of the Commission that the next negotiating sessions should be scheduled now. The GAERC of 10 November is an opportunity for Member States to reach a common understanding on the basis for the negotiations to proceed, against the background of the conclusions of the European Council of 1 September which postponed the negotiations.

It remains clear that in line with European Council conclusions the EU does not accept the status quo in Georgia. The Geneva

Process should continue its important work on the basis of the 12 August and 8 September Agreements addressing security and stability in the region as well as the return of Internally Displaced Persons and refugees, and the territorial integrity of Georgia should be restored. The review of

EU/Russia relations should be an ongoing process. As already agreed the Commission and the Council should continue to discuss the general context of EU/Russia relations as the negotiations are pursued.

Recent Publications by the ICBSS



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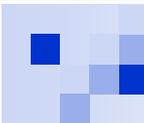
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