2342nd Council meeting

- GENERAL AFFAIRS -

Luxembourg, 9 April 2001

President: Ms Anna LINDH
Minister for Foreign Affairs of the Kingdom of Sweden
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For further information call 285 8704, 285 6423 or 285 7459
PARTICIPANTS

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

**Belgium**:
- Mr Louis MICHEL, Deputy Prime Minister and Minister for Foreign Affairs
- Ms Annemie NEYTS, State Secretary, attached to the Minister for Foreign Affairs

**Denmark**:
- Mr Mogens LYKKETOFT, Minister for Foreign Affairs
- Mr Friis Arne PETERSEN, State Secretary

**Germany**:
- Mr Joschka FISCHER, Federal Minister for Foreign Affairs and Deputy Federal Chancellor
- Mr Christoph ZÖPEL, Minister of State, Foreign Affairs

**Greece**:
- Mr George PAPANDREOU, Minister for Foreign Affairs
- Ms Elissavet PAPAZOÏ, Deputy Minister for Foreign Affairs

**Spain**:
- Mr Josep PIQUÉ I CAMPS, Minister for Foreign Affairs

**France**:
- Mr Hubert VEDRINE, Minister for Foreign Affairs

**Ireland**:
- Mr Brian COWEN, Minister for Foreign Affairs

**Italy**:
- Mr Umberto RANIERI, State Secretary for Foreign Affairs

**Luxembourg**:
- Ms Lydie POLFER, Deputy Prime Minister, Minister for Foreign Affairs and Foreign Trade

**Netherlands**:
- Mr Jozias VAN AARTSEN, Minister for Foreign Affairs

**Austria**:
- Ms Benita FERRERO-WALDNER, Federal Minister for Foreign Affairs

**Portugal**:
- Mr Jaime GAMA, Minister for Foreign Affairs
- Ms Teresa MOURA, State Secretary for European Affairs

**Finland**:
- Mr Erkki TUOMIOJA, Minister for Foreign Affairs
- Mr Kimmo SASI, Minister for Foreign Trade and European Affairs

**Sweden**:
- Ms Anna LINDH, Minister for Foreign Affairs
- Mr Hans DAHLGREN, State Secretary at the Ministry of Foreign Affairs

**United Kingdom**:
- Mr Robin COOK, Secretary of State for Foreign and Commonwealth Affairs

**Commission**:
- Mr Christopher PATTEN, Member
- Mr Günter VERHEUGEN, Member

**General Secretariat of the Council**:
- Mr Javier SOLANÁ, Secretary General / High Representative for the CFSP
WESTERN BALKANS - COUNCIL CONCLUSIONS

On the occasion of the signing of the Stabilisation and Association Agreement between the European Union and the former Yugoslav Republic of Macedonia, the Council reiterated its support for the FYROM government, the territorial integrity of the country within its internationally recognised borders and for the proportionate response that the FYROM government has taken to dealing with extremist violence. In the context of the Stabilisation and Association process, the Council welcomed the decision by the FYROM government to establish, under the leadership of President Trajkovski, an institutional mechanism for enhanced dialogue, within which an all party Europe Committee was set up. This Committee should positively contribute to the path of reform and dialogue, ensuring that all ethnic communities feel they have a political and economic stake in the country's development. The Council welcomed the presence of a broad range of FYROM political forces on the occasion of the signing of the agreement as a sign of their commitment to these objectives. The Council also welcomed the information provided concerning the agenda and the timetable of the enhanced dialogue and the commitment to achieve the first substantive results by June.

The Council commended the intensive diplomatic efforts of HR Solana as well as contribution by the Commission and asked him to continue to follow closely the discussions of the all party Europe Committee, in close cooperation with the Presidency and the Commission. It called on the government and all democratically elected political representatives to work together to consolidate further a true multi-ethnic society in FYROM as part of its progress along the road to Europe under the Stabilisation and Association process. The EU reconfirmed its willingness to provide practical and financial support for this process and to assist the government of FYROM in coordinating the activities of the international community.
With regard to the Parliamentary elections in Montenegro 22 April, the Council expressed its expectation that the Government of Montenegro will fully apply democratic principles in order to allow the electoral campaign and the elections to be conducted in a fair and orderly manner, respecting OSCE standards. In this respect, the Council reiterated the need for balanced and objective news reporting in all state media in Montenegro, particularly the main television channels. It once again urged the authorities in Belgrade as well as in Podgorica to agree on an open and democratic process, within an overall Federal framework, to decide on new constitutional arrangements for the relations between the components of the Federation acceptable to all the parties. Unilateral moves on this issue could have serious consequences for the stability of the whole region.

The Council welcomed the recent arrest of Slobodan Milosevic. Milosevic has to be held accountable for all his acts. The Council also welcomed the arrest and transfer to The Hague of one person indicted by ICTY for war crimes. The Council reiterated its confidence in the readiness of the FRY/Serbian authorities to continue this process and to cooperate fully with ICTY. The Council called on the FRY/Serbian authorities to continue on their path of reform and reiterated the EU’s willingness to continue supporting, both politically and financially, FRY efforts aimed at consolidating democracy and implementing all the commitments made in Zagreb.

The Council welcomed the progress made in the dialogue between the FRY/Serbia authorities and ethnic Albanian representatives on the situation in Southeast Serbia. It noted in particular the emerging consensus on the modalities for building-up multi-ethnic local police forces in the area. It called for strict observance of the cease-fire and the urgent release of the hostages as well as for further confidence building measures to be implemented.

The Council condemned the recent violent attacks by extremist nationalist groups in Mostar against representatives of the international community and expressed its full support for HR Petritsch and for the measures he has announced.
The Council warmly welcomed the visit of the EU ministerial troika on Justice and Home Affairs to Belgrade and Sarajevo as well as the Joint Declaration adopted in Sarajevo on 28 March by the EU, Albania, Bosnia and Herzegovina, Croatia, former Yugoslav Republic of Macedonia and Federal Republic of Yugoslavia as an important follow-up to the Zagreb Summit regarding regional cooperation notably in the area of asylum, immigration and illegal trafficking.

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– **Depleted uranium**

The Council had an exchange of views on the issue of depleted uranium (DU) munitions in the light of scientific evidence compiled by various international organisations. At the end of this exchange of views, the President summarised the discussion thus:

- The Council notes the work by various international organisations (UNEP, WHO, NATO, Ad hoc Group of experts set up by the Commission) on the possible health and environmental impact of exposure to depleted uranium in ammunition used in the Balkans.

- In these detailed and objective examinations, there exists no scientific evidence to link the use of depleted uranium with various illnesses suffered in the population or among those who served in conflict areas.

- However, due to the apparent health and environmental problems in the region the Council should remain committed to following possible further investigations closely and re-examining the issue if appropriate at a future stage.

- The Commission is already addressing some of the environmental problems in the regions through ongoing projects. The Council encourages the Commission to take into account findings from the reports on depleted uranium, as well as the overall situation concerning environment and health issues, as the Commission draws up new country strategy papers for all the countries in the Western Balkans.
MIDDLE EAST PEACE PROCESS

Over lunch, Ministers were briefed by SG/HR Solana on his recent contacts on the spot and in Athens with representatives of parties in the region. Ministers proceeded to a constructive and positive discussion in the context of the preparation for the Göteborg European Council of a report on how the European Union can play an enhanced role in promoting the resumption of the peace process.

TRANSATLANTIC RELATIONS

The Council heard a presentation by Commissioner PATTEN on the Commission's communication on reinforcing the Transatlantic relationship and held an orientation debate on questions raised in this communication.

The Council broadly accepted the principle of strategic themes, as proposed by the Commission, with the addition of environment/climate change as one essential theme. It agreed that the efficacy of the Transatlantic Dialogue in promoting EU/US cooperation and in resolving differences must remain the fundamental priority, for which regular attention at the highest level is essential.

The Council agreed to return to the subject at its 14 May meeting with a view to adopting conclusions on that occasion.

The themes listed by the Commission were the following: emerging security challenges, globalisation and the multilateral trading system, fight against crime and in particular organised crime, energy - preparing for the future, consumer protection issues, notably food safety, macro-economic issues, fight against poverty in developing countries and E-economy.
The Council extended its common position on Burma/Myanmar for a further six months. In doing so, it welcomed the initial contacts that had taken place between the State Peace and Development Council (SPDC) and Mrs Aung San Suu Kyi, Secretary General of the National League for Democracy (NLD). At the same time, it noted that, for the moment, there had been no substantive progress towards the objectives set out in the common position, and that, in particular, the human rights situation in Burma/Myanmar remained extremely serious.

The Council sincerely hoped that the contacts undertaken between the SPDC and NLD would soon lead to concrete steps towards national reconciliation, democracy and respect for the human rights of all the peoples of Burma/Myanmar. It underlined that the Union stood ready to support such developments.

The Council reiterated its support for the efforts of the UN Secretary General’s Special Envoy Tan Sri Razali Ismail. It also welcomed the contacts recently established between the Government of Burma/Myanmar and the UN Special Rapporteur on Human Rights, Mr Sergio Pinheiro and hoped that it will be possible to achieve the objectives of his mandate during future visits.

The Council welcomed the Commission’s support for the WHO needs assessment mission to Burma/Myanmar, so as to assess better the dramatic HIV/AIDS problems facing the country with a view to considering possible EU assistance at an appropriate time.

The Council underlined its support for the resolution of the ILO General Conference, which took effect in November 2000, and emphasised the need for the authorities in Burma/Myanmar to cooperate fully with the ILO in order to put a verifiable and definitive end to the practice of forced labour.
The Council welcomed the results of the second Troika mission to Rangoon/Yangon in January 2001 and agreed that a further Troika mission could be sent to Rangoon/Yangon in due course to pursue the objectives set out in the common position.

The Council agreed to keep the situation in Burma/Myanmar under close review and underlined its readiness to reconsider the common position at any time should developments in Burma/Myanmar so require.

**NAGORNO-KARABAKH PEACE PROCESS - COUNCIL CONCLUSIONS**

The European Union welcomes the talks between President Kocharian of Armenia and President Aliyev of Azerbaijan at Key West, Florida on 3-6 April 2001 and their agreement to meet again in June. It encourages them to continue their dialogue.

The Union fully supports the efforts by the co-chairmen of the OSCE Minsk Group - France, the United States and the Russian Federation - to facilitate the process between the two Presidents towards a solution.

The recent EU Troika to Southern Caucasus demonstrated the importance that the Union attaches to a peaceful and stable development of this region. In this context, a political settlement of the Nagorno-Karabakh dispute would clearly promote EU cooperation with Armenia and Azerbaijan. The Union therefore reconfirms its readiness to underpin concrete progress.

**CHAIRMAN OF THE MILITARY COMMITTEE (CEUMC)**

The Council adopted a Decision appointing General Gustav Hägglund, born on 6 September 1938 in Viborg, Finland, as Chairman of the Military Committee of the European Union for a period of three years.
STOCKHOLM EUROPEAN COUNCIL - FOLLOW-UP

The Council took note of a document submitted by the Presidency setting out the remits for the next European Councils (Göteborg, Laeken and Barcelona), as well as a synopsis of the operational conclusions by subject.

The various formations of the Council are expected to carry on the work to fulfil the remits set out by the Stockholm European Council. The General Affairs Council, on its side, will continue to exercise its coordination role to ensure that all the commitments will be respected within the agreed schedule and that the next Spring European Council in Barcelona will be prepared under the best conditions possible, building upon the experience from Stockholm.

ENLARGEMENT - COUNCIL CONCLUSIONS

The Council welcomes the progress made in the accession negotiations since its conclusions on enlargement on 4 December 2000, as reflected in the Commission's information note on progress made in the accession negotiations. It notes with satisfaction that good results have been achieved, in particular at the recent meetings of the Accession Conferences at Deputy level.

The Council emphasises its determination to continue, with the full support of the Commission, to bring the negotiation process forward in accordance with the negotiation strategy, including the road map, as stated by the European Council in its conclusions at Nice. It recalls that the European Council at Göteborg will assess progress in implementing the strategy in order to give the necessary guidance for the successful completion of the accession process.

The Council notes that, in line with the principle of differentiation, as reconfirmed by the European Council at Nice, candidate countries are assessed on the basis of their own merits. This provides scope for catching up, and makes it possible for those countries which are best prepared to progress more quickly. The Council underlines the importance for the candidate countries to continue vigorously their preparations for membership and to respond rapidly and fully to the Union's common positions in the negotiations.
The Council welcomes the Commission’s information note on Free Movement of Workers, which has provided a useful basis for the discussion on possible options in that area. The Council looks forward to receiving Draft Common Positions from the Commission shortly in order to enable the Union to define its position as soon as possible in accordance with the "road map". The Council will consider this issue at its meeting on 14 May.

The Council also welcomes the submission by the Commission of its information note on Road Transport and looks forward to receiving the note on Veterinary and Phytosanitary issues as soon as possible in April. These should provide a valuable basis for further progress, including principles and guidelines on these matters.

**INTEGRATION OF THE ENVIRONMENT IN EXTERNAL POLICIES**

The Council approved a draft report to the European Council on environmental integration in the external policies within the remit of the General Affairs Council and decided to forward it to the Göteborg European Council in June.

This report is the last of the "sectoral reports" called for by the European Councils in Cardiff and Cologne from the different Council formations in order to integrate the environmental dimension into the various EU policies.

This report is a first step in the process of developing an integration strategy for the General Affairs Council and presents the issues, existing instruments, results obtained and further work needed to formulate a comprehensive strategy including timetables and indicators for giving effect to environmental integration and sustainable development in the external policies within the remit of the General Affairs Council.
INTERNATIONAL COOPERATION IN THE ENERGY SECTOR - NEW GUIDELINES FOR THE MULTIYEAR PROGRAMME - 1998-2002, SYNERGY

The Council adopted a Decision laying down the new guidelines for the multiannual programme to promote international cooperation in the energy sector (1998-2002), SYNERGY, under the multiannual framework programme for actions in the energy sector and connected measures.

These guidelines establish, inter alia, a threshold of €250,000 as the minimum amount of co-financing on the Community budget per project.

In adopting these guidelines, the Council noted a statement from the Commission underlining notably the Commission’s opinion that a higher threshold - of €400,000 - would have allowed, by reducing the number of projects of insufficient size, to increase the effectiveness of programmes.

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NORTHERN DIMENSION MINISTERIAL MEETING

The Member States of the European Union, the Commission, the SG/HR and the seven Partner Countries (Estonia, Iceland, Latvia, Lithuania, Norway, Poland and the Russian Federation) together with observers, met to review progress made in implementing the Northern Dimension Action Plan for the period 2000-2003, to provide political guidance and to map out further action to develop the Northern Dimension initiative. The discussion was based on working papers presented by the Presidency and by the Commission. Several participants circulated written contributions.

CONCLUSIONS OF THE CHAIR:

The participants welcomed progress made in the three areas of the Northern Dimension Action Plan specifically highlighted by the European Council in Feira: environment, including nuclear safety, fight against international crime, and Kaliningrad. There was broad agreement that work should continue in these areas as outlined in the Presidency and Commission papers. The need to expedite work to implement action also in the other areas of the Action Plan and in certain new areas related to the Action Plan was underlined.

The proposal to establish a "Northern Dimension Environmental Partnership" to meet certain environmental and energy efficiency challenges was well received. It was seen as a good way to mobilise and combine financial resources and realise synergies when conditions are appropriate for investment. The relevant international financial institutions and the Commission were encouraged to pursue discussions with interested partners and prepare a proposal for such a facility.

The initiative to develop a "Northern eDimension Action Plan" (NeDAP), launched by the Council of the Baltic Sea States (CBSS) in close partnership with the Commission, was noted as a promising new development of the Northern Dimension.
Prospects for a rapid EU enlargement are raising expectations by the business community on Governments to speed up regulatory reform and increase the institutional and legal predictability required for dynamic economic development in the ND region. The "Tallinn Business Forum" has suggested to the Commission to establish a direct dialogue with the business community of the region on topics related to realisation of ND programmes. The Conference encouraged the development of such a dialogue.

New models for co-operation between Member States and non-Member States are bringing the countries in Northern Europe closer together. Regional bodies such as the CBSS and the Barents Euro-Arctic Council (BEAC) promote common values, harmonisation of regulatory frameworks and concerted operative action. The Commission’s participation in last autumn’s Arctic Council (AC) Ministerial Meeting signalled the opening of the Arctic Window. The CBSS, BEAC and AC have presented interesting proposals for their contribution to further work on the Northern Dimension. The strengthened co-operation on Northern issues with the United States and Canada was also welcomed.

There was general recognition of the need to continue to simplify and align procedures for EU financial instruments in order to increase interoperability and facilitate combined financing between the Union, IFI's and other actors. The interface between PHARE and TACIS was specifically mentioned.

The Northern Dimension (ND) has become a well-established part of policy-making within the EU and in the Partner Countries. The Commission has established a "ND Focal Point" and a web-site. A network of contact points between participating countries, institutions and organisations is being set up. Among the participants there was general support for transparency and consolidation of procedures to implement the ND Action Plan. Annual progress reports will be presented to the European Council by the Commission and the Council. Yearly Northern Dimension Conferences alternating between Ministerial and Senior Officials levels should be organised to provide required political guidance. There should also be an "ND Forum", with broad participation, inter alia from the Business Community and from the Civil Society at regular intervals.

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7833/01 (Presse 141 - G)
ITEMS APPROVED WITHOUT DEBATE

EXTERNAL RELATIONS

Guidelines to EU policy towards third countries on torture and other cruel, inhuman or degrading treatment or punishment - Council conclusions

The fight against torture is a strongly held conviction of all EU member states and a priority for the EU’s human rights policy. The EU is resolved to strengthen its international activities towards prevention and eradication of all forms of torture and other cruel, inhuman or degrading treatment or punishment in all parts of the world.

To this end, the EU has agreed on internal guidelines for implementation of its policy against torture, following the successful example of the guidelines on the death penalty, which were produced in 1998. The guidelines against torture will provide the EU with an operational tool for use in its contacts with third countries and in multilateral human rights fora, in order to support and strengthen the on-going efforts for global prevention and eradication of torture, an abhorrent violation of human rights.

Western Balkans - Stabilisation and Association Process

The Council approved a review mechanism with regard to the Stabilisation and Association Process for the countries of South Eastern Europe.

The review mechanism covers an assessment of compliance with the 1997 Council criteria, and of the progress in each country towards the objectives of the Stabilisation and Association (SA) Process, including on how the SA process instruments may have helped to achieve these objectives.

Furthermore, the commitments agreed to at the Zagreb Summit of 24 November 2000 should be taken into account. Assessment of progress on the commitments undertaken by the Stabilisation and Association countries at Zagreb, in particular on enhanced regional cooperation in justice and home affairs matters, for instance on asylum and immigration, will therefore also form part of the review.

Interim Agreement with the former Yugoslav Republic of Macedonia

The Council adopted a Decision on the conclusion of the Interim Agreement between the European Community, of the one part, and the former Yugoslav Republic of Macedonia, of the other part.

The full text of the guidelines can be found on the internet site of the Council at http://ue.eu.int/Newsroom

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This agreement allows the trade and trade-related matters of the Stabilisation and Association Agreement to enter into force on 1 June 2001 without the necessity to wait for the formal ratification by the national parliaments of the EU Member States.

The more favourable trade concessions granted to the former Yugoslav Republic of Macedonia by Council Regulation 2007/2000 as amended by Council Regulation 2563/2000 will continue to apply in parallel to the Interim Agreement. Relations in inland transport will continue to be covered by the Transport Agreement between the European Community and the former Yugoslav Republic of Macedonia in force since November 1997.

Activities of the European Union Monitoring Mission - Agreement with Federal Republic of Yugoslavia

The Council adopted a Decision concerning the conclusion of the Agreement between the European Union and the Federal Republic of Yugoslavia (FRY) on the activities of the European Union Monitoring Mission (EUMM) in the FRY.

Appointment of the Head of Mission of the European Union Monitoring Mission (EUMM)

The Council adopted a Decision confirming the appointment of Ambassador Antón MAC UNFRAIDH (Ireland), the Head of the Mission of the European Union Monitoring Mission (EUMM).

EU-Russia Cooperation Council

The Council established the EU position for the fourth Cooperation to be held on 10 April 2001 (see Press Release 7834/01 Presse 142).

MAPE - Council conclusions

Since 1997 WEU/MAPE has contributed with its advice and training activities to the establishment of a viable police force in Albania. The mission has achieved significant results, appreciated and acknowledged by the Albanian authorities. Through its presence in Albania, MAPE has also supported the efforts of the international community aimed at restoring security and stability in the region. From 1999 onwards, the Council has entrusted implementation to the WEU on the basis of Article J.4.2 (now 17) of the TEU with partial financing by the EU. The EU appreciates and acknowledges efforts made by WEU and MAPE and the experts who have served in this mission.

The EU has agreed to assume direct responsibility for a programme of advice, training and institution-building for the Albanian police. From 1 June 2001 the EC will do so through a co-operation project - under the Community assistance programme for the Western Balkans - that will take over from MAPE, ensuring the necessary continuity between MAPE activities and the initiation of a specific programme.
EU-Gulf Cooperation Council

The Council approved a number of documents relating to the preparation of the EU-GCC 11th Joint Council and Ministerial meeting (Manama, Bahrain, 23 April 2001.)

The draft agenda of the meeting includes:
- implementation of the Cooperation agreement
- free trade agreement negotiations
- exchange of views on developments in the two regions
- exchange of views on political questions of common interest, weapons of mass destruction, human rights, Middle East Peace Process, Iraq, Iran, Afghanistan.

Colombia : peace process - Council conclusions

The European Union reaffirms its support for the peace process in Colombia, as formerly stated in the Council Conclusions of 9 October 2000 and in the EU Declaration of 24 October 2000. The Union notes that progress has been made in the peace negotiations with the FARC and the ELN, and supports the efforts to make the peace process a policy of the state. The Union also notes the ongoing efforts of the Colombian Government to counteract paramilitary activities and urges it to step up these efforts.

The European Union welcomes the recent decision by the negotiating parties to involve the international community in facilitating and verifying the peace processes. The Union supports the decisions by individual member states, invited by the negotiating parties, to participate more directly in the peace process. The Union invites the Commission and the member states to use their development co-operation to promote further the peace process, including the peace negotiation processes and their progress. Respect for human rights and international humanitarian law is a precondition for advancement in the peace process and a basis for EU support. The European Union reiterates its call on all armed groups holding hostages to release them immediately.

Fiji Islands - consultations under Article 96 of the ACP-EC Partnership Agreement

The Council adopted a Decision concluding consultations with the Republic of the Fiji Islands under Article 96 of the ACP-EC Partnership Agreement which took place in Brussels on 19 October 2000.

The European Union condemned the 19 May 2000 coup and has expressed its deep concern at the ensuing political events in Fiji, deploring the deposing of President Ratu Sir Kamisese Mara, the taking hostage and the unconstitutional replacement of the democratically elected government, and the repeal of the 1997 Constitution.
The European Union has decided to conclude the consultations held under Article 96 of the ACP-EC Partnership Agreement. Considering that events in Fiji have taken a generally more positive course than the scenario apparent in October 2000, the Union has decided to take the following appropriate measures, within the meaning of Article 96(2)(c) of the Agreement:

– the notification of the 9th EDF allocation will be made once free and fair elections have taken place and a legitimate Government has assumed office;

– financing and implementation of new programmes and projects under the 6th, 7th and 8th EDF National Indicative Programmes will go ahead once free and fair elections have taken place and a legitimate Government has assumed office.

Ongoing projects will be implemented as planned, with due regard for the principle of neutrality of Community aid during the run-up to the elections.

In addition, contributions to regional projects, operations of a humanitarian nature, trade cooperation and trade related preferences will continue unaffected in order to ensure that the economic interests of the ordinary people of Fiji are not harmed.

The Union is also willing to support Fiji in its return to democracy.

Once free and fair elections have taken place and a legitimate Government has assumed office, in conditions which ensure respect for human rights, democratic principles and the rule of law, the above measures will be revoked. In any case, the Union will review this decision within six months.

The European Union will continue to monitor events in Fiji, particularly with respect to the maintenance of law and order, the election campaign, the formation of a legitimate Government, and the bringing to trial of Mr George Speight and his associates.

The European Union would once again like to emphasise its desire to pursue the political dialogue with Fiji, on the basis of the ACP-EC Partnership Agreement.

**Tendering procedures for service contracts under the Phare and Tacis programmes : Special Report 16/2000 by the Court of Auditors - Council conclusions**

1. The Council has examined the Special Report on tendering procedures for service contracts under the Phare and Tacis programmes and has taken note of the comments and recommendations of the Court as well as the responses given by the Commission.

2. The Council expresses its concerns about practices, which in some cases led to reduced competition, inadequate provision of information, possible confusion of interests, inconsistent evaluation practices and shortcomings in the management of files.
3. Based on the report of the Court of Auditors as well as the replies of the Commission, the Council acknowledges that the Commission has put into practice many of the recommendations of the Court, for example the introduction of harmonised and simplified management procedures and instruction manuals, the creation of a website where all the information is published, as well as staff training.

4. The Council is of the view that the Commission needs, in particular, to monitor the situation regarding staffing and financial control. This is particularly important in the light of the increased decentralisation of the management of the PHARE programme and, to a lesser extent, that of TACIS. For this purpose the new Financial Regulation - currently under revision - will serve as a basis.

5. The Council invites the Commission to continue to draw upon the Court’s report to improve further the effectiveness and efficiency of the tendering procedures for service contracts under the PHARE and TACIS programmes and to inform the Council by the end of the year of the measures taken to this effect. But the Council recognises that improvements, especially those concerning public procurement, are closely linked to the provisions of a revised Financial Regulation.

Relations with certain Mediterranean countries

The Council adopted a Regulation providing for the management of Community tariff quotas and of reference quantities for products eligible for preferences by virtue of agreements with certain Mediterranean countries.

The purpose of the Regulation is to recast and simplify the provisions for tariff quotas and reference quantities, which will henceforth be grouped together in a single Regulation. It takes account of the new preferential concessions incorporated into the agricultural agreement with Tunisia, concluded on 22 December 2000 (three new tariff quotas and amendments to the existing provisions).

Comprehensive Nuclear Test-Ban Treaty - European Union's contribution


The Decision foresees that the European Union shall encourage all States to sign and ratify the CTBT without delay.

For this purpose, the European Union shall encourage:

- as a first priority, those States on the list of 44, whose signature and ratification is necessary for the entry into force of the CTBT;
those States which have signed, but not ratified, the CTBT, in particular the States which will host stations of the International Monitoring System (IMS);

- those States which have not signed the CTBT, in particular, the States which will host IMS stations.

**Association with Romania and Slovenia - implementing rules for State aid**

The Council adopted two sets of Decisions determining the position to be taken by the Community within respectively the EU-Romania and EU-Slovenia Association Councils for the adoption of the necessary rules for the implementation of the provisions on State aid in the Europe Agreements with Romania and Slovenia.

**INTERNAL MARKET**

**Copyright and related rights in the information society**

Following the Council’s approval of all the amendments proposed by the European Parliament at its second reading, the Directive on the harmonisation of certain aspects of copyright and related rights in the information society is deemed to have been adopted in the form of the common position thus amended, in accordance with Article 251(3) of the EC Treaty.

The Directive seeks to provide a harmonised and appropriate legal framework in the internal market for copyright and related rights in the information society. In particular, it seeks to harmonise the rights of reproduction, communication, making available to the public and distribution of works. Its adoption is also a precondition for the Community and its Member States acceding to the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), concluded in December 1996.

The Directive is based on the principle of striking the right balance between the interests of rightholders (holders of copyright and related rights), on the one hand, and the interests of other parties (Internet service providers, consumers, equipment manufacturers, libraries, publishers and other beneficiaries of exceptions to rights in the Member States), on the other hand, taking into account in particular the possibilities offered by new technologies. It calls upon Member States to provide for authors exclusive rights concerning reproduction as well as communication and distribution to the public of their works.
The Directive, however, contains a list of optional exceptions to these rights. They may apply in special cases that do not conflict with a normal exploitation of their work or other subject matter and do not unreasonably prejudice the legitimate interests of the rightholder. These exceptions or limitations may apply inter alia to reproduction for private use and for non-commercial ends, use for the purpose of illustration for teaching and scientific research, use for the benefit of people with a disability, specific acts of reproduction made by publicly accessible libraries, recordings of broadcasts made by social institutions, etc. In principle, rightholders are entitled to fair compensation in some of these cases.

Rightholders are entitled to protect their works effectively by technological measures against any violation. However, where rightholders have not taken voluntary measures to give the beneficiaries of certain exceptions access to their protected work, Member States will have to take appropriate measures to enable users to benefit from the exceptions concerned.

**BUDGET**

**Amendment of the Financial Regulation**

The Council adopted a Regulation amending the Financial Regulation of 21 December 1977 applicable to the General Budget of the European Communities as regards separating the internal audit function from the *ex ante* financial control function.

According to this Regulation, a new article (24a) will be inserted in the Financial Regulation providing that the Commission shall appoint an internal auditor who is independent of the financial controller. He shall be appointed in the same way as the financial controller and shall, for the purposes of his duties, have access to the same information as the financial controller and, in order to maintain his independence, be subject to the same special rules and measures as are applicable to the financial controller.

**APPOINTMENT**

**Committee of the Regions**

The Council adopted a Decision appointing Mr L.E. VAN DER SAR an alternate member of the Committee of the Regions in place of Mr D.C. DEKKER for the remainder of his term of office, which runs until 25 January 2002.