

EUROPEAN COUNCIL
Brussels

CONCLUSIONS
OF THE PRESIDENCY

16 and 17 October 2003

1. The European Council met in Brussels on 16/17 October 2003. The meeting was preceded by an exposé by the President of the European Parliament, Mr Pat Cox, followed by an exchange of views concerning the main items on the agenda.

I. INTERGOVERNMENTAL CONFERENCE (IGC)

2. The European Council welcomed the fact that, following the opening session of the Intergovernmental Conference in Rome on 4 October, work in the Conference was now underway. It recalled its support for the approach and timetable put forward by the Presidency in line with the conclusions of the European Council meeting in Thessaloniki. The European Council invited ministers to continue actively the political-level discussions. It took note of the Presidency's intention to conduct consultations with all participants with a view to finalising the draft Constitutional Treaty on the basis of the draft from the Convention and in the light of the discussions in the IGC, in preparation for the next meeting of the IGC at the level of Heads of State or Government.

II. RELAUNCHING THE EUROPEAN ECONOMY

3. After a period of uncertainty, some positive signs are emerging in Europe. An improvement in the international economic environment, low levels of inflation, stabilised oil prices and better conditions in the financial markets are key factors behind a pick-up in economic activity, which is expected to strengthen in the course of 2004. Since the situation remains fragile, a message of confidence in the European Union's economic potential is needed. Maintaining sound macroeconomic policies, accelerating structural reforms and promoting investment in infrastructure and human capital are key priorities. In this context, economic policies should continue to be aimed at producing job-creating and sustainable growth and enhancing economic and social cohesion.
4. The purpose of this European Council is to focus immediate attention on how to boost growth and to organise work with a view to taking concrete decisions at the European Council on 12/13 December. It also seeks to emphasise the need for continued action across a broad front, aimed at creating the backdrop of an economic and social environment favourable to sustainable growth, within the context of the Lisbon Strategy.
5. Speeding up the implementation of European transport, energy and telecoms networks and increasing investment in human capital will be crucial for growth as well as for helping to achieve effective integration of the enlarged Europe, with significant gains in productivity.
6. To this end the European Council endorses the principles of the proposed Growth Initiative as well as the interim report presented by the ECOFIN Council and invites the relevant actors to take it forward along the lines set out below. This Initiative will be consistent with the Stability and Growth Pact, the current Financial Perspective ceilings, and in line with the commitments in the Broad Economic Policy Guidelines.

7. Priority action under the Growth Initiative will be carried out in the context of delivering on the Lisbon structural reform agenda including increased product, capital and labour-market flexibility, and against the backdrop of on-going efforts to give concrete substance to the indications provided by previous Spring European Councils in areas which will themselves contribute to enhancing the longer-term growth potential of the Union. Enhancing competitiveness will play a crucial role in this regard while keeping in mind environmental considerations and the social dimension.

A. THE GROWTH INITIATIVE: BOOSTING INVESTMENT IN KEY PROJECTS

Connecting up the Member States: TENs projects

8. Building modern, efficient transport infrastructures to ensure easy and better access between all Member States will have a two-fold positive effect: it will boost growth directly, and it will boost growth by maximising the benefits of the internal market. Particular attention will be given to the new proposal on the priority projects for transport TENs – accompanied by proposals intended to boost the volume and the efficiency of investment in those projects – and other proposals being examined by the Transport, Telecommunications and Energy Council. To this end, the possibility of a higher rate of Community co-financing will be further explored, for example in specific cases which are cross-border or cross natural barriers. In particular, Member States are invited to act rapidly to eliminate technical, legal and administrative obstacles to the implementation of the cross-border sections of TENs projects. Action on infrastructure must be accompanied by a modern transport policy which accords due importance to considerations of safety and sustainability.

Securing supplies of energy and telecommunications networks

9. The completion of an integrated market for electricity and gas in an enlarged Europe will enhance security of supply and competitiveness, giving further impetus to growth. This should include achieving at least the level of electricity interconnections called for at Barcelona to which priority projects in the framework of the Trans-European Energy Networks will provide a major contribution. The development of energy infrastructures will also ensure the full involvement of the new EU's neighbours and partner countries in the European market. Given the heavy dependence of the EU on energy imports and the importance of neighbouring countries, in particular those of the Mediterranean, the Northern Dimension and the Eastern European regions as suppliers or countries of transit, ways and means of promoting new energy networks with these countries must be discussed, inter alia with a view to the Rome Euro-Mediterranean Ministerial Conference on energy to be held in December.
10. Developing telecommunication networks is of equally key importance for boosting growth in an enlarged Europe. Availability and promotion of widespread broadband together with efficient networks are particularly necessary in a knowledge-based economy where transmission of information plays a vital role in enhancing competitiveness.

Investing in human capital: innovation, research and development and skills

11. Innovation, research and development and skills are crucial for Europe's growth potential. Action will concentrate on mobilising investment and getting the right regulatory conditions in areas such as research infrastructures, science parks, industrial innovation and research and development projects, information and communication technologies, the financing of education and training facilities, through increasing investments in education and a better integration with labour and social policies. Various European instruments should play their part, notably European technology platforms, EIB instruments, the Structural Funds, and preparatory actions such as the one proposed on security research. It will also seek to address the problem of first commercial production units, where the individual company may not reap the full benefit of its research and development and innovation spending and hence the level of aggregate innovation is sub-optimal. Specific attention must be devoted to the needs of innovative SMEs that operate on the technological boundary and to technology transfer to peripheral regions.

Next steps: decisions on follow-up

12. In order to make the rapid progress necessary to perform a definitive assessment of the Initiative and take concrete decisions at its December meeting, the European Council, taking account of the ECOFIN report:
- invites the Commission, the EIB and the relevant formations of the Council to establish, without prejudice to the priorities identified in the Commission proposal, a "quick-start programme" identifying a list of projects in an enlarged Union based on transparent criteria, along with assessments of their significance for the integration of the internal market in the enlarged Europe, their economic and financial viability, their impact on growth and the leveraging effect on private capital;
 - invites the Commission and the EIB to present, in time for thorough preparation by the Economic and Financial Committee of the 25 November ECOFIN Council meeting, their final reports on the Growth Initiative; these reports should in particular:
 - explore how best to increase the involvement of the private sector in financing projects, including the use of the EIB's Structured Finance Facility,
 - develop instruments aiming at leveraging private capital, in particular through the securitisation of existing assets, and examine which assets could be used for such purposes,
 - develop better coordination of procedures between EIB financing, Structural Funds, the TENs budget line and the Sixth Framework Programme,

- establish a framework for a comprehensive evaluation of the Initiative after 5 years. All the relevant formations of the Council will contribute to this evaluation. The Commission will report annually to the European Council through the Spring Report.
- 13. Moreover the Council is invited to finalise work on proposals to eliminate technical, legal and administrative obstacles to TENs, in particular cross-border sections, PPPs, innovation and R&D projects; the Commission will also clarify ESA 95 principles on the national accounting treatment of PPPs to ensure increased transparency including the recording of government guarantees in the national accounts and the treatment of securitisation arrangements.
- 14. The European Council invites the Member States to complement the Growth Initiative by national growth programmes. The Council will coordinate the Growth Initiative with these initiatives taking place at national and European level, so as to ensure complementarity and best use of resources, thus enhancing the overall impact of the initiative, and will report to the Spring 2004 European Council on action taken in this regard.

B. CREATING FAVOURABLE CONDITIONS FOR GROWTH AND EMPLOYMENT

Enhancing the competitiveness of the European economy

- 15. An integrated strategy for European competitiveness involves horizontal action to ensure that a range of policies are pursued in such a way as to contribute consistently to the goal of enhancing the factors of competitiveness for enterprises and industry. Key policies in this regard are the internal market, action in support of industry and research and technology, with the easing of administrative and regulatory burdens providing the required underpinning. The European Council stresses the pivotal role of the Competitiveness Council in ensuring that this integrated approach is applied on the ground and thus in contributing to creating a favourable environment for enterprise, an effective internal market and more research and innovation. The European Council invites the Commission to present to its December meeting a report containing proposals to improve the industrial framework with a view to avoiding de-industrialisation.

Internal market

- 16. The European Council calls on the Commission to present any further proposals necessary to complete the internal market and to fully exploit its potential, to stimulate entrepreneurship and to create a true internal market in services, while having due regard to the need to safeguard the supply and trading of services of general interest. In this connection it considers final agreement on the Community patent to be a priority. Member States are invited to step up efforts to transpose internal market legislation into national law within the time limits laid down. Timely transposition and effective application of Community rules in all Member States will provide the basis for the mutual trust and confidence on which an enlarged internal market must be based.

17. Fully integrated and stable financial markets will play a crucial role in channelling savings into productive investment and enhancing economic growth. The European Council reiterates its call for rapid progress on all the outstanding components of the Financial Services Action Plan with a view to finalisation in accordance with the agreed timetable. Existing legislation in this area must also be enforced more robustly. The European Council also expects work on the take-over bids Directive, intended to create a European and international level playing field in this area, to be brought to a rapid and successful conclusion, building on the compromise efforts made to date.

Industrial policies

18. The Council and the Commission must address the needs of specific industrial sectors, especially the manufacturing sector, in order for them to enhance their competitiveness, notably in view of their essential contribution to economic growth. EU legislation should not be a handicap to EU competitiveness compared to that of other major economic areas. To this end the Commission is invited to take into account the consequences of proposed EU legislation on enterprises through providing a comprehensive impact assessment. The forthcoming proposal on chemicals, which will be examined by the Competitiveness Council in coordination with other Council configurations, will be the first case for implementing this approach, taking in particular into account its effects on SMEs.

Research and innovation

19. Developing the competitiveness of the European economy in line with the Lisbon agenda requires a renewed commitment of the public and private sectors to the objective of investing 3% of GDP in research, with a particular emphasis on technological innovation including environmental technology, on developing human capital through higher investment in education and research, along the lines recommended by the Council on 22 September 2003. The European Council accordingly calls for:

- strong involvement of Member States in benchmarking, sharing of experience and the preparation of mutually consistent measures to boost public and private investment in research and innovation;
- strengthened coordination between public and private-funded research and the use to a greater extent of the Structural Funds for Research and Development projects bearing in mind the role of these funds to promote cohesion and taking into account the specific needs and potential of different regions, including those of acceding States. Public-private partnerships in the research area are a key factor in developing new technologies and enabling the European high-tech industry to compete at the global level;
- rapid progress on implementing the *e-Europe* Action Plan; this requires considerable efforts to ensure the Community-wide implementation of the new regulatory framework for electronic communications and the stepping-up of actions and investments, especially in the *e-Government*, *e-Health* and *e-Learning* sectors and as regards the development of broadband infrastructure and contents.

Better regulation

20. More effective regulation both at the European and national level is of the utmost importance. The Institutions must ensure speedy implementation of the provisions of the Interinstitutional Agreement on Better Regulation with a view to improving the quality of EU legislation, including through regulatory impact assessments. Simplifying EU legislation and improving the efficiency and transparency of public administrations will significantly strengthen economic competitiveness through encouraging business confidence and improving standards of public service.

Developing the social dimension

21. The current priority attached to action to stimulate growth and boost competitiveness must go hand in hand with effective social policies, and in particular job creation, which remain an integral part of the European socio-economic model. In line with the Commission's communication, it is necessary to strengthen existing coordination processes on the policies adopted by Member States in the field of social protection, thus contributing to the necessary modernisation of social protection systems. In this connection the Council should examine the Commission communication on open coordination in the field of social protection and draw up operational conclusions respecting the principle of subsidiarity and the diversity of national systems in time for the 2004 Spring European Council.
22. Member States attach particular importance to pension systems which provide adequate benefits, are financially sustainable and are capable of meeting the challenges of modernisation. Although falling within the responsibility of the Member States, their work should nevertheless be enhanced by reinforcing open coordination in this field. In that connection:
- the Council should consider refining the sets of objectives used in open coordination on social protection – following the example of the conclusions of the Barcelona European Council, which called for an increase by 2010 of five years in the effective average age at which people stop working – so as to ensure the sustainability and adequacy of pension systems in the face of demographic developments;
 - the Council should continue to monitor closely the financial sustainability of pension systems, inter alia to assess to what extent reforms are improving the long-term sustainability of public finances;
 - the Member States and the social partners should consider how to implement the link between employment policies and pensions in the light of the objectives set by the Barcelona European Council.

23. The European Council awaits with interest the report of the European Employment Task Force headed by Mr Wim Kok to be submitted to the Commission and endorses the proposal for there to be an extraordinary Social Summit in December to hold initial discussions on the follow-up to this report.

The environmental dimension

24. Further action to enhance environmental protection and sustainability will contribute to boosting growth. Environmental targets will work as a catalyst for innovation and modernisation in key sectors such as energy and transport and promote new investments in clean and more energy- and resource-effective technologies. The finalisation, by the end of 2003, of the Commission Action Plan on environmental technologies will contribute to promoting and disseminating such technologies. The Council further calls for early adoption of the proposal for a Directive on the use of the Kyoto Protocol's flexible mechanisms within the Community scheme for greenhouse gas emission trading, which will promote the spread of clean technologies, safeguarding the competitiveness of European industry.

III. STRENGTHENING FREEDOM, SECURITY AND JUSTICE

Managing the Union's common borders

25. The European Council stresses that with the forthcoming enlargement, the Union's borders are expanding, and recalls the common interest of all Member States in establishing a more effective management of borders, in particular with a view to enhancing the security of their citizens.
26. Recalling the conclusions of its Thessaloniki meeting, the European Council welcomes the Commission's intention to pursue rapidly the examination of the allocation of 140 million euros envisaged for the period 2004-2006, in order to cover the most pressing needs in this area, especially in supporting the management of external borders, the implementation of the return action programme and the development of the Visa Information System (VIS).
27. The European Council underlines the importance of full implementation of the Plan for the management of external borders and the setting up of the pending air border centre and two maritime border centres. All Border Management Centres should work closely together under the coordination of the Common Unit of External Borders Practitioners.
28. The European Council welcomes the Commission's intention to submit a proposal for the creation of a Border Management Agency, in order to enhance operational cooperation for the management of external borders, in time for the Council to reach a political agreement on the main elements by the end of the year. This proposal will draw on the experience of the Common Unit of External Border Practitioners.

29. The European Council takes note of the study carried out for the Commission on maritime borders and invites the JHA Council to draw up a work programme on this issue to be adopted by the end of the year.

Controlling migratory flows

30. The European Council confirms the top political priority ascribed to the issue of migration and reaffirms its commitment to a balanced approach between, on the one hand, the urgent need to stop illegal migration and to fight against the trafficking of human beings, and, on the other hand, the reception and integration of legal immigrants, in accordance with the principles and priorities set out in the European Councils in Thessaloniki, Seville, Laeken and Tampere.
31. It commits itself to the use of all appropriate instruments of the EU's external relations, within the global approach as defined in Thessaloniki, including strengthened partnerships with the third countries concerned, in pursuit of the EU's strategy to combat illegal migration. In this context the European Council:
- invites the Commission, the Council and the Member States to make every effort to facilitate the successful conclusion by the Community of readmission agreements. It invites the Council and the Commission to produce early next year a report identifying in particular the priorities of a common readmission policy and the measures taken to ensure the successful development of such a policy;
 - reaffirms that a common return policy is a key element for an efficient and comprehensive immigration policy and invites the Council and the Commission to give the highest priority to the implementation of the action plan adopted in November 2002. In this framework, it welcomes the Commission's intention to present a proposal, taking into account the financial perspectives, to provide financial support for the repatriation, in full compliance with humanitarian principles and respect for the dignity of the person, of illegal immigrants and unsuccessful applicants for asylum to countries of origin and transit;
 - notes with satisfaction the work under way within the Union and in international bodies (ICAO, G8) on the introduction of biometric identifiers in visas, residence permits and passports; calls upon the JHA Council to reach a political agreement by the end of 2003 on the two Commission proposals for Council Regulations on biometric identifiers and to take the necessary decisions on the development of the Visa Information System (VIS) and the Schengen Information System (SIS) II, while fully respecting the envisaged timetable for the introduction of the SIS II.

32. Furthermore, while recognising that each Member State is responsible for the number of legal immigrants admitted to its territory, in accordance with its law and reflecting its specific situation, including labour markets, the European Council takes note of the Commission's initiation of a study into the relationship between legal and illegal immigration and invites all Member States, Acceding States and Candidate States to cooperate fully with the Commission to this end.
33. The European Council calls upon the JHA Council to complete its work urgently on proposals for the asylum qualification and procedures directives, in order to comply with the deadline already set by the Seville and Thessaloniki European Councils for the end of 2003, to enable the Union to tackle asylum abuse and inefficiency while fully respecting the Geneva Convention and its humanitarian traditions.

Judicial and Police Cooperation

34. The European Council calls for continued efforts towards closer police, judicial and customs cooperation and a strengthening of law enforcement cooperation, particularly as concerns the operational fight against serious crime and terrorism.
35. It reaffirms the importance of the fight against drug trafficking and calls for adoption of the Commission proposal for a Council Framework Decision on this subject, if possible by the end of 2003.
36. It welcomes the approval of the Council Regulation on parental responsibility and matrimonial matters, which, by allowing the recognition and enforcement throughout the Community of national judgements, will greatly enhance citizens' access to justice in matters of direct concern to them in their daily lives. This Regulation constitutes in particular an important step in the creation of a coherent legislative framework for the custody and the protection of minors.

IV. OTHER ITEMS

Portuguese agriculture

37. Following the conclusions of the Copenhagen European Council, the European Council, taking into account the new policy perspective for agriculture adopted by the Agriculture Council in June 2003, notes the Commission's report on the situation of Portuguese agriculture, in particular its recommendation that the next generation of Rural Development programmes should continue to support the improvements being made in structural adjustment of Portuguese agriculture. The Commission is invited to submit a new report on this matter in due time.

38. Meanwhile, the European Council welcomes the Commission's proposal to prolong the arrangement concerning the problems linked to the development of milk production in the Azores and invites the Council to examine it as soon as possible.

European Central Bank

39. The European Council welcomed the appointment of Jean-Claude Trichet as President of the European Central Bank.

V. EXTERNAL RELATIONS

WTO

40. The European Council regrets the unsuccessful outcome of the WTO Ministerial meeting in Cancun and the setback this entails for the Doha Development Agenda, but stresses that the EU's commitment to the multilateral approach to trade policy remains. The EU should therefore remain open to an early resumption of the DDA negotiations. The European Council invites the Commission both to reflect on the EU strategy and to explore with key WTO players the possibility for future progress in the DDA, stressing that a commitment by all will be indispensable to any successful resumption of negotiations. The European Council invites the Commission to keep the GAERC fully informed as necessary.

Wider Europe–New Neighbourhood Initiative

41. The European Council welcomes progress made on the Commission's Wider Europe–New Neighbourhood Initiative. It urges the Council and the Commission to take forward work in implementing this initiative with a view to ensuring a comprehensive, balanced and proportionate approach, including a financial instrument, responding to the needs to promote cross-border and regional/transnational cooperation on the external borders of the enlarged Union.

Euro-Mediterranean Partnership

42. The European Council reiterates the crucial importance of the Mediterranean region and its determination to develop the Euro-Mediterranean Partnership. In this connection, it stresses the need to actively support the economic development of the region through concrete initiatives to be adopted and to enhance political dialogue and cooperation in the cultural field. It looks forward to the positive outcome of the forthcoming Ministerial Meeting in Naples of the Euro-Mediterranean Partnership.

Northern Dimension

43. The European Council endorsed the Second Northern Dimension Action Plan 2004-2006 in order to pursue the Northern Dimension policies beyond 2003. It underlined that the Northern Dimension will assume enhanced importance in the context of EU enlargement and will have an important contribution to make in carrying forward the Union's new neighbourhood policy in the entire region.

Moldova

44. The European Union reiterates its continued support for the OSCE efforts for a comprehensive political settlement of the Transdniestrian issue in the Republic of Moldova.
45. The European Union welcomes the progress that has been made this year and stresses the need for a constructive approach in order to bring the process to a conclusion.
46. The European Union urges the Russian Federation and Ukraine to discharge, together with the OSCE, their role as mediators. With regard to the completion of the withdrawal of the Russian forces, the European Union urges the Russian Federation to take all the necessary steps to comply with the Istanbul/Porto commitment by the end of the year.

Relations with the Arab world

47. Recalling the conclusions from the European Council in Thessaloniki emphasising the need to promote closer dialogue with countries in the Arab World, the European Council invites the Commission and the High Representative to continue their work formulating a detailed work plan, taking full account of existing policies and programmes as the Barcelona Process, the GCC Framework and the New Neighbours initiative, and to report before the European Council in December 2003.

Middle East

48. The European Union is firmly committed to the clear objective of two States, Israel and a viable and democratic Palestinian State, living side by side in peace and security, in the framework of a comprehensive peace in the Middle East, as laid out in the Road Map.
49. The European Council is deeply concerned by the situation in the region and has noted that, despite support given by the international community to the quest for a just and lasting solution, insufficient effort has been made by the concerned parties to seize the opportunity for peace set out in the Road Map, underscored by the recent Quartet Ministerial Statement issued September 26 last. On the contrary, rising violence is bringing added suffering and death to both the Israeli and the Palestinian peoples and putting at risk security in the region and beyond.

50. The European Council therefore calls on both parties – Israel and the Palestinian Authority – to live up to the commitments they undertook at the Aqaba summit on 4 June 2003.
51. The European Council urges all sides in the region to immediately implement policies conducive to dialogue and negotiations. The EU relationship with those who will take steps to the contrary will be inevitably affected by such behaviour.
52. The European Council welcomes initiatives from civil society on both sides and is ready to further assist in the effort to promote rapprochement, confidence building and the search for a lasting peace.
53. The European Council strongly condemns the intensification of suicide attacks and other acts of violence that have occurred over the last few weeks and calls upon all sides to refrain from any provocative action which can further escalate the tension.
54. The European Council strongly condemns the vile terrorist attack that took the lives of three US citizens near the Eretz checkpoint in the Gaza strip on 15 October and expresses its condolences to the bereaved families. The EU expects that the perpetrators will be brought to justice.
55. Terrorist attacks against Israel have no justification whatsoever. The European Council reiterates that the fight against terrorism in all its forms remains one of the priorities of the European Union as well as of the entire international Community and that it is the duty of all countries, in particular of those in the region, to actively cooperate in the fight against terrorism and to abstain from all support, direct or indirect, to terrorist organisations.
56. The European Council emphasises once again that the Palestinian Authority must concretely demonstrate its determination in the fight against extremist violence and urges the PA and its President to take immediate, decisive steps to consolidate all Palestinian security services under the clear control of a duly empowered Prime Minister and Interior Minister, and confront individuals and groups conducting and planning terrorist attacks.
57. The European Council recognises Israel's right to protect its citizens from terrorist attacks. It urges the Government of Israel, in exercising this right, to exert maximum effort to avoid civilian casualties and take no action that aggravates the humanitarian and economic plight of the Palestinian people. It also calls on Israel to abstain from any punitive measures which are not in accordance with international law, including extra-judicial killings.
58. The European Council is particularly concerned by the route marked out for the so-called security fence in the Occupied West Bank. The envisaged departure of the route from the "green line" could prejudice future negotiations and make the two-State solution physically impossible to implement. It would cause further humanitarian and economic hardship to the Palestinians. Thousands of Palestinians west of the fence are being cut off from essential services in the West Bank, Palestinians east of the fence will lose access to land and water resources.

59. The European Council calls on Israel to reverse its settlement policy and to dismantle settlements built after March 2001.
60. The European Council reiterates the determination of the European Union to contribute in all aspects of the implementation of the Road Map and stresses the importance and urgency of setting up a credible and effective third-party monitoring mechanism.

Iraq

61. The European Council welcomes the unanimous adoption of UNSC Resolution 1511.
62. The European Council confirms the EU determination and commitment to play a significant role in the political and economic reconstruction of Iraq, within the framework of the relevant UNSC resolutions. The following will be essential for success:
- an adequate security environment,
 - a strong and vital UN role,
 - a realistic schedule for the handing over of political responsibility to the Iraqi people,
 - the setting up of a transparent multilateral donor fund to channel support from the international community.
63. The European Council confirms that the EU will actively contribute to the positive outcome of the Donors Conference, which will be held on 24 October in Madrid. On that occasion the EU will announce a pledge of Euro 200m for 2003-2004 from the Community budget.
64. The European Council urges all countries in the region to contribute actively to the stability of Iraq and to support its political and economic reconstruction process. A prosperous, stable and sovereign Iraq, whose territorial integrity is preserved, will be essential for the stability in the region and beyond.
65. The European Council invites the High Representative and the Commission to elaborate a medium-term strategy for the EU's relations with Iraq, making a progress report on the matter by March 2004.

Iran

66. The European Council reviewed developments in relations with Iran.
67. The European Council reiterates its grave concern on Iran's nuclear programme and gives its full support to the IAEA Board of Governors Resolution of 12 of September. The Union expects Iran to cooperate fully with the IAEA in its implementation. The European Council renews its call on Iran promptly and unconditionally to sign, to ratify and to implement the

IAEA Additional Protocol on Safeguards and to act immediately in accordance with it. It also calls on Iran to suspend all uranium enrichment-related and reprocessing activities. The European Council rejects the perspective of nuclear proliferation in the region, which is already far from stable.

68. The European Union remains ready to explore ways to develop a wider cooperation with Iran. This can only be achieved through increased international confidence on the peaceful nature of Iran's nuclear programme and improvements in the areas of human rights, fight against terrorism and Iran's position on the Middle East Peace Process.

Nobel Prize for Peace

69. The European Council, expressing its admiration for all those who are struggling for human rights, congratulates Mrs Shirin Ebadi on the award for the Nobel Peace Prize in recognition of her commitment to democracy and the defence of human rights in Iran.

Kosovo

70. The European Council confirmed that dialogue between Belgrade and Pristina on practical issues is a key benchmark of the International Community's strategy "standards before status", based on UNSCR 1244. It also represents an essential step towards normalisation in Kosovo and for further advance towards European standards, within the Stabilisation and Association Process. The European Council therefore welcomed the launch of such a dialogue in Vienna, on 14 October, but expressed disappointment that some of the key interlocutors chose not to attend.
71. The European Council underlined the importance of establishing technical working groups in the course of November on Energy, Transport and Communication, Returnees and Missing Persons. To this end, it urged both parties to make the necessary preparations and to engage constructively and unconditionally in this process on a multiethnic basis. The European Council supported SGSR Holkeri's efforts in this direction.

Bolivia

72. The European Council is deeply concerned about the recent dramatic developments in Bolivia. It deplores the violent incidents which have led to the loss of human lives and expresses its condolences to the families of the victims. The European Council reaffirms its support for the democratically elected government of Bolivia in its efforts to find a peaceful and constitutional solution to the present crisis.
73. The European Council urges the Bolivian government to fully respect human rights in this process.

74. The European Council calls on all Bolivian political, social and economic forces to refrain from violence and to engage in responsible and constructive dialogue with the government of Bolivia. This dialogue must recognise the parliament as the legitimate institution of democracy for consensus building.
75. The European Council stresses the importance for the people of Bolivia to seek and implement solutions to its many problems within the framework of democracy and its institutions and in full respect for the rule of law.

Guatemala

76. The European Council is concerned at the worrying sequence of disturbances and violence, including recently within the constitutional court itself, which has marked preparations for the forthcoming general elections in Guatemala.
77. The European Union hopes that free and transparent elections will be guaranteed and that there is an end to the violence and intimidation which is tainting the pre-electoral phase. It welcomes the initial work carried out by the European electoral observation mission and the reception which it has been given by the Guatemalan authorities. It will continue to follow the situation closely.

Great Lakes Region

78. The European Council welcomes the progress achieved in Central Africa toward political stabilisation of the countries concerned and stands ready to contribute to economic, institutional and social reconstruction in the Great Lakes region.

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The European Council congratulated His Holiness Pope John Paul II on the occasion of the 25th anniversary of his pontificate.
