

# **General Report** on the Activities of the European Union

# 2008



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European Commission

General Report  
on the Activities of  
the European Union

2008

Brussels • Luxembourg, 2009

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The President of the European Commission to the President of the European Parliament

Sir,

I have the honour to present the *General Report on the Activities of the European Union* for 2008, which the Commission is required to publish by Article 212 of the EC Treaty and Article 125 of the EAEC Treaty <sup>(1)</sup>.

Yours faithfully,

*Brussels, 4 March 2009*

A handwritten signature in black ink, consisting of a series of connected loops and a long horizontal stroke that ends in a small hook.

José Manuel Barroso  
President

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<sup>(1)</sup> In accordance with the procedure described in the declaration on the system for fixing Community farm prices contained in the accession documents of 22 January 1972, the Commission will shortly be sending Parliament the *Report on the Agricultural Situation in the European Union*. And, in accordance with an undertaking given to Parliament on 7 June 1971, the Commission is preparing its *Annual Report on Competition Policy*.

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## Note to readers

One of the many different sources of information on the European Union's activities, the General Report aims to present a concise and readable panorama of the highlights of the year. In recounting the main events and developments over the past 12 months, it allows the reader to discern the key trends in the work of the institutions and in the implementation of Community policies.

For more detail, you may turn to:

- the Europa website, a veritable 'gateway to the European Union', designed for easy navigation ([http://europa.eu/index\\_en.htm](http://europa.eu/index_en.htm));
- the websites of the various Community institutions and sources outside the institutions cited at the end of each section of the General Report, together with the relevant web address, under the heading 'General references and other useful links';
- the *Bulletin of the European Union*, a monthly companion to the General Report, which provides an exhaustive account of the Community's activities, complete with a wealth of references and hyperlinks (<http://europa.eu/bulletin/en/welcome.htm>).

# Introduction

The year 2008 threw up many major challenges, to which the Member States and the institutions responded as a group. The global financial crisis, climate change and international conflict brought rapid and effective European reaction that frequently pushed the Union to the forefront of the world political stage. The process of ratifying the Lisbon Treaty, which faltered in spring with the 'no' vote in the Irish referendum, was revived at the European Council in December.

The financial crisis which unfolded on the US subprime mortgages market in 2007 led to growing turmoil affecting the global financial system in its entirety before hitting European markets in September. The Union immediately took steps to deal with the impact of the crisis on the European economies. From the outset the Commission urged Member States to take effective and coordinated action to resolve the urgent problems facing the financial sector rather than resorting to emergency measures on their own. The Union took a leading role in working towards a genuine complete overhaul of the international financial system, based on the principles of transparency, bank solidarity, accountability, integrity and global governance agreed at the G20 summit in Washington on 15 and 16 November. The European Council meeting of 15 and 16 October confirmed the principles adopted by the Eurogroup, which had met for the first time at the level of Heads of State or Government on 12 October, with a view to maintaining stability and arriving at a coordinated approach to tackle the crisis. The measures, taken in conjunction with the central banks and supervisory authorities, were designed primarily to ensure sufficient liquidity for the financial institutions, to facilitate their funding, and to provide them with capital resources so that they could continue to finance the economy properly. The European Council emphasised that budget policies must remain in line with the revised Stability and Growth Pact, which should also be applied in a manner reflecting the current exceptional circumstances, as provided for in its rules. The Commission for its part put forward a number of proposals aimed at restoring confidence in the European financial and banking sector.

On 29 October, in order to tackle the economic downturn triggered by the crisis, the Commission presented a communication 'From financial crisis to recovery: A European framework for action' in which it proposed an action plan to support economic activity

against the backdrop of the downturn in Europe. This was followed on 26 November by a European economic recovery plan that recommends short-term measures to boost demand, save jobs and help restore confidence and calls for a timely, targeted and temporary fiscal stimulus of around EUR 200 billion, or 1.5 % of the Union's GDP, involving both national budgets (around EUR 170 billion, or 1.2 % of GDP) and the Union budget as well as the European Investment Bank (EIB) (around EUR 30 billion). The main points in the plan were endorsed by the Member States at the European Council meeting of 11 and 12 December.

The other big issue of 2008 was the shaping of a European energy policy that would take account of climate change. On 23 January the Commission made a start by adopting an ambitious package of measures on energy and climate aimed at enabling the Union to reduce greenhouse gas emissions by at least 20 % and increasing the share of renewable energies in energy consumption to 20 % by 2020, in line with the commitments given by the Union leadership in March 2007. The emission reduction target could be increased to 30 % by 2020 once a new global climate change agreement has been concluded. The spring European Council reiterated the Union's commitment to maintaining its international leadership in matters of climate change and energy policy. On 11 and 12 December, thanks to close cooperation between the Commission and the Council Presidency, the European Council succeeded in reaching general agreement on the package, which takes account of the specific problems encountered by several Member States.

Ratification of the Lisbon Treaty, signed on 13 December 2007, was another key item on the 2008 agenda. The referendum held in Ireland on 12 June — Ireland was the only country to hold a referendum — produced a 'no' vote of 53.4 %. At its meeting of 19 and 20 June the European Council confirmed that the ratification process would continue in the other Member States; it felt that more time was needed to analyse the situation and agreed to return to the subject in October. Ratification accordingly went ahead and the Treaty has now been approved by the parliaments of 25 Member States. At the European Council meeting of 11 and 12 December a way forward was found: on the basis of an analysis of the situation by the Irish Taoiseach, the European Council concluded that the Union would make legally binding declarations clarifying the aspects of the Treaty that had given rise to concern in Ireland, where a further referendum would be held in the course of 2009 and before the end of the current Commission's term of office. The European Council also reached agreement on a major institutional issue: the status quo — one Commissioner per Member State — is to continue after 2014.

As part of the continuing effort to bring the Union closer to its citizens, the policy of communication was strengthened. Aware of the need to get citizens more involved in European political life and to improve the way it presents its activities to the outside world, the Commission adopted a communication addressing the future of the Plan D approach, applied from 2000 to 2007, now known as Debate Europe. The Commission also proposed specific measures to provide the public with more information on European

issues through the audiovisual media. It also decided to concentrate its communication strategy on eight priorities in 2008, compared with 17 in 2007, in order to increase both visibility and impact. Those priorities are to be supplemented by four interinstitutional priorities selected for 2009: the elections to the European Parliament, energy and climate change, commemoration of the 20th anniversary of the fall of the Berlin Wall, and support for growth, employment and solidarity.

Better regulation remained high on the Commission's agenda. The second strategic review of better regulation in the European Union, which the Commission presented on 30 January, found that the action taken under the programme had resulted in significant improvements. In the course of the year the Commission presented 41 new simplification measures, and no fewer than 140 initiatives were considered by the independent Impact Assessment Board. On 10 March the Commission presented a communication on new fast-track actions capable of producing significant results with only minor changes to the existing legislation. The high-level group of independent stakeholders on administrative burdens also delivered opinions on ongoing reduction initiatives and recommended further measures of this kind.

With a view to improving the quality of legislation and increasing transparency, after setting out a code of conduct for interest representatives in a communication on the European transparency initiative adopted on 27 May, the Commission launched an online register of interest representatives on 23 June. In a related area, on 30 April the Commission put forward a proposal for amending the regulation on public access to European Parliament, Council and Commission documents, with a view to enhancing transparency, especially as regards legislative activity, by improving and clarifying some of the regulation's provisions. The Union also launched a user-friendly information service that allows the public to keep close track of the way EU funds are being spent. This online database gives direct access for the first time to information on the beneficiaries of Community financing, covering all the funds administered directly by the European Commission. The service, based on EU accounting data, gives an overview of the preceding financial year.

A great number of measures and decisions were approved during the year in pursuit of the strategic objectives defined in 2005 as the focus of the Commission's programme for its term in office, which runs until November 2009.

As regards the objective of prosperity, the economic climate in 2008 was marked by a rise and then a fall in the prices of commodities, turmoil on the financial markets and a slowing-down of the economy. Two communications, one on exploring the scope for limiting the effects of rising food prices on world markets and the second on rising oil prices, were presented by the Commission on 20 May and 13 June respectively for discussion by the European Council.

On 13 and 14 March the European Council launched the second three-year cycle of the revised Lisbon strategy for growth and jobs (2008–10). It confirmed that the current integrated guidelines (broad economic policy guidelines and employment guidelines) remain valid, as do the four priority areas of action defined by the spring European Council in 2006 (knowledge and innovation, business environment, employment, and energy and climate change).

On the monetary front, in a communication adopted on 7 May, the Commission took stock of economic and monetary union (EMU) on its 10th anniversary, analysing the performance of the euro-area economy, setting out the aims to be achieved and the challenges to be met, and proposing a policy programme to enable EMU to continue on the path of success. Cyprus and Malta entered the euro area on 1 January 2008. The rest of the year was devoted to preparations for a further enlargement of the euro area to bring in its 16th member, Slovakia, which will officially adopt the euro on 1 January 2009. The financial crisis has demonstrated once again that the euro acts as a buffer for the euro-area countries.

Competition made a vital contribution to the coordinated Union response to the global financial crisis, while preserving the possibility for Member States to intervene where necessary according to national conditions. In response to the turmoil on financial markets from September onward, numerous emergency state aid measures had to be adopted, especially in the banking sector.

In pursuit of its vision of a modern single market policy, the Commission adopted an initiative creating a new European form of company, the private European company (*societas privata europaea* — SPE), intended to boost the competitiveness of small and medium-sized enterprises by making it easier for them to set up and operate in the single market. In another key development, the European Parliament and the Council adopted the regulation establishing the European Institute of Innovation and Technology, whose task it is to strengthen innovation capacity in the Community and the Member States by bringing together the top players in the knowledge triangle — higher education, research and business. On the transport front, the Commission proposed a package of measures for more sustainable transport, including measures aimed at ‘greening’ transport, noise abatement measures for the existing rail fleet, internalisation of the external costs of transport and a review of the Eurovignette directive. Following on from the adoption in October 2007 of the action plan for an integrated maritime policy, the Commission presented a communication ‘Guidelines for an integrated approach to maritime policy: Towards best practice in integrated maritime governance and stakeholder consultation’. In air transport, following the entry into force of a regulation on the subject, disabled persons and persons with reduced mobility, whether caused by disability, age or any other factor, now have easier access to air travel.

The European Council of 15 and 16 October reasserted that security of energy supply was a priority for the European Union. It called for action to achieve a number of objectives:

finalisation of the legislative package for the internal market in electricity and gas; swift implementation of the European energy efficiency action plan and the strategic energy technology plan; the determined pursuit of the diversification of energy sources in the context of the energy/climate package; development of crisis mechanisms for dealing with temporary interruptions of supply; the strengthening and expansion of critical infrastructure; and stabilising supply by developing relations with producer countries.

Turning to the objective of solidarity, since 2007 the cohesion policy has been implemented by a new generation of sectoral and regional programmes aimed at relaunching jobs and growth in all Member States and all regions of the Union. In 2008 the Union decided to promote better working conditions for temporary workers, the objective of the new rules being to ensure equal treatment for temporary agency workers and permanent staff by guaranteeing temporary staff the same basic working and employment conditions from the day they start work, unless otherwise agreed by the social partners. In October European Union leaders met representatives of the two sides of industry to discuss the repercussions of the financial crisis on the real economy, and especially on growth and jobs. On 18 November the Commission published a report on the impact of the free movement of workers in the context of EU enlargement, in which it concluded that mobile workers from the countries that joined the Union in 2004 and 2007 had had a positive impact on the European economy.

With a view to improving the operation of the common agricultural policy (CAP) in the light of experience since 2003, an objective that was discussed in its communication of November 2007 'Preparing for the "health check" of the common agricultural policy reform', the Commission presented a number of proposals in the course of the year, which were adopted as a package by the European Council in December.

With a view to promoting common values in the Union, the European Year of Intercultural Dialogue was officially launched in Ljubljana, Slovenia, on 8 January with a host of activities organised Europe-wide.

Turning to the objective of security and freedom on the police cooperation front, on 18 April the Council reached general agreement on the proposal for a decision establishing the European Police Office (Europol), which would give Europol the status of a Union agency funded by a Community subsidy rather than intergovernmental financing. In the field of immigration and asylum policy, the Commission presented an ambitious communication setting out the principles, actions and tools for a common immigration policy for Europe, together with a policy plan on asylum defining an integrated approach to protection Union-wide. The communication sets out 10 principles that will form the basis of the common immigration policy. The European Council approved this European pact at its meeting of 15 and 16 October. On 12 December Switzerland joined the Schengen area and controls on persons at the internal land borders with Switzerland were removed. The process will be completed on 29 March 2009, when controls at airports will also be discontinued.

As regards external policy and enlargement, on 5 March the Commission adopted a communication 'Western Balkans: Enhancing the European perspective' that presents new initiatives and consolidates existing ones in order to underpin the political and economic development of the countries of the western Balkans and speed up their progress on the road towards membership of the European Union. Accession negotiations with Croatia and Turkey also continued. In the light of progress in the four key areas identified by the European Union in 2005, stabilisation and association agreements were concluded with Bosnia and Herzegovina, and Serbia, along with interim agreements on trade and trade-related matters. In February, following the adoption by the Kosovo Assembly of a resolution declaring Kosovo independent, the Council noted that the Member States would decide on their relations with Kosovo in accordance with national practice and international law. Under the European security and defence policy (ESDP) the Council also decided to set up a European Union rule of law mission in Kosovo (EULEX Kosovo) and appointed an EU special representative.

A new impetus was given to relations between the Union and its Mediterranean partners in the course of the year. In May the Commission adopted the communication 'Barcelona process: Union for the Mediterranean', outlining the process whose objective is to revive and give visibility to relations between the European Union and its partners in the Mediterranean region. On 13 July the inaugural summit of the new Union for the Mediterranean was held in Paris, bringing together the Member States of the European Union and countries on the Mediterranean seaboard that are not members of the Union.

On 3 December the Commission adopted a communication on EU relations with the countries of eastern Europe proposing an enhanced partnership with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, possibly leading to the conclusion of new association agreements that would incorporate agreements on free trade.

Following the outbreak of conflict in Georgia in August, an extraordinary European Council meeting took place on 1 September in Brussels. It condemned Russia's unilateral decision to recognise the independence of Abkhazia and South Ossetia, and noted with concern the impact which the crisis was having on the whole of the region. It stressed the need to support regional cooperation and step up EU relations with its eastern neighbours, in particular through its neighbourhood policy, development of the 'Black Sea synergy' initiative and establishment of the new 'eastern partnership'.

Negotiations with a view to the conclusion of the Doha Round resumed on 21 July in Geneva. They reached an impasse following disagreement on the exact wording of a special safeguard mechanism which would have allowed a developing country to increase its customs duties in the event of a sharp increase in agricultural imports following an opening-up of the market negotiated at the World Trade Organisation. Bilateral negotiations on the conclusion of free-trade agreements continued with India, South Korea, the

countries of the Association of South-East Asian Nations (ASEAN), the countries of the Gulf Cooperation Council, Central America and the Andean Community.

During the year summit meetings were held between the European Union and the United States, Russia, Japan, Canada, India, Brazil and South Africa. A new partnership framework between the European Union and Australia was adopted on 29 October, and will serve as the basis for bilateral relations in the years to come. On 17 October the Commission presented an EU policy initiative on trilateral cooperation between the European Union, Africa and China, reflecting China's growing engagement with the African continent.

On 28 April the Council adopted a decision approving the revised Cotonou Agreement (review negotiated in 2005) governing relations between the European Union and the African, Caribbean and Pacific (ACP) states. The decision cleared the way for the entry into force of the 10th European Development Fund (EDF), which is the fundamental tool for EU-ACP financial cooperation. On the ground, a European Union military operation was launched in Chad and the Central African Republic on 28 January in order to maintain peace in the region (operation EUFOR Tchad/RCA).

Finally, the Union continued to play a major role in the reconstruction process in Afghanistan. The EU police mission in Afghanistan (EUPOL Afghanistan) set up under the common foreign and security policy was fully deployed in March; its remit is to contribute to the establishment of an Afghan police force that respects human rights and operates within the framework of the rule of law. In the course of the year the Union also sent observers to elections in Africa, Asia and Latin America. These missions worked hand in hand with governments and non-governmental organisations (NGOs) in Angola, Bangladesh, Bhutan, Cambodia, Ecuador, Guinea-Bissau, Nepal, Pakistan and Rwanda to evaluate the compliance of the electoral process with international standards for democratic elections.



## Chapter I

# General political and economic framework

## Section 1

### Improving the regulatory environment

#### **Background**

*Improving the quality of European legislation is an essential element of the Lisbon strategy for growth and jobs, because a simpler, more modern regulatory environment helps to produce tangible benefits for the general public and for businesses. The priorities for action by the European Union, as defined by the Commission, are to implement the programme to simplify and modernise existing legislation, to reduce the administrative burden, to monitor the quality of impact analyses in order to improve the drafting of new regulatory acts, and to improve compliance with Community law. Better regulation is an ongoing process that will require changes in institutional and administrative structures. It is a shared responsibility that calls for close cooperation with the other European institutions, the Member States and the local and regional authorities.*

*In 2007, in a joint declaration complementing the interinstitutional agreement on better law-making, the European Parliament, the Council and the Commission undertook to respect the principles of transparency, accountability and efficiency, in particular via the co-decision procedure.*

#### **Better regulation**

The second strategic review of better regulation in the European Union <sup>(1)</sup>, presented by the Commission on 30 January, found that the action taken under this programme had contributed to significant improvements.

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(1) COM(2008) 32 (OJ C 207, 14.8.2008).

The Commission made it clear in this review that better regulation does not mean de-regulation or delaying the adoption of new European rules when they are necessary, but ensuring that strategic and regulatory proposals are systematically evaluated and that a wide range of options — both regulatory and non-regulatory — are studied for each initiative. Under this initiative, existing legislation is simplified and codified and increasing use is made of recasting (by the end of 2008 some 135 codifications included in the major project to codify the *acquis*, relaunched in 2006, had been adopted and published, and approximately 50 recasts were adopted in the course of the year). In addition, concerted efforts are made to reduce the administrative burden of legislation. Pending proposals are screened and withdrawn if they are no longer relevant or consistent with Commission priorities. A new, more effective strategy is currently being devised in partnership with the Member States to overcome the problems of implementing Community law and ensuring compliance. Finally, more than 600 lapsed or obsolete pieces of legislation were proposed for repeal or removal from the directory of legislation in force in 2008.

The review also contains proposals for further action, including in-depth analysis of the European Union *acquis*, completion of the exercise of measuring the cost of the information requirements imposed on companies, and improving impact assessment in the policy preparation process (revision of the guidelines on impact assessment, strengthening the role of the Impact Assessment Board and review of the common approach to impact assessment agreed by the European Parliament, the Council and the Commission).

In its conclusions of 3 March and 29 and 30 May the Council welcomed the second strategic review of better regulation initiatives. In its view, these efforts should result in legislation that cuts excessive costs to businesses and makes it possible to achieve the policy objectives more effectively. The Commission and the Member States were also asked to step up their efforts to take account of the implementing measures in their impact assessments and to start exchanging best practice in the area of the enforcement and application of legislation. The Council also undertook to study ways of speeding up the examination of simplification proposals under the current decision-making procedures.

On 25 September the Council concluded that better regulation efforts would have greater tangible and practical impact if the public and businesses had easy access, in their own language, to EU legislation. Improvements to the Internet sites on European law should give priority to using the most efficient and ergonomic search tools and to making all legislative texts available in a consolidated form in all official EU languages. It stressed that the 'better regulation' programme applies not only to the drafting stage of legislation but also to the entire regulatory cycle, including effective application.

## **Policymaking**

The Impact Assessment Board, which started work in 2007 and is responsible for monitoring the quality of the Commission's impact assessments, issued 182 opinions in 2008 on impact assessments accompanying initiatives presented by the Commission (43 of these on resubmitted draft impact assessments and four on resubmitted impact assessments).

## **Modernisation of existing legislation**

On 30 January the Commission adopted the second progress report on the strategy for simplifying the regulatory environment <sup>(1)</sup>. This gives a qualitative and quantitative picture of the tangible results that have already been achieved for citizens and businesses under the simplification rolling programme, and describes a package of new measures the Commission intends to present before the end of its term of office.

The simplification proposals already adopted include the single payment area in the European Union, the modernised customs code, the electronic customs decision and the reorganisation of the 21 common market organisations into a single system in order to streamline and simplify the common agricultural policy. The Commission's new proposals include the revision of the regulatory framework for electronic communications networks and services in order to reduce the administrative burden for the national regulatory authorities and economic operators.

The report also announced the Commission's intention of carrying out a full screening of the Community *acquis* to check whether existing instruments are still needed and are as light-touch as possible in relation to the predicted policy results, that the right regulatory technique is being used and that any burden imposed is proportional to the policy objectives pursued. This process will also identify new initiatives for inclusion in the updated simplification rolling programme to be presented in early 2009.

In the course of the year the Commission presented 41 new simplification initiatives. These related specifically to agricultural and environmental legislation, consumer protection, competition, company law (such as common rules for direct support schemes for farmers <sup>(2)</sup>), the Community eco-management and audit scheme (EMAS) <sup>(3)</sup>, the Community eco-label <sup>(4)</sup>, the horizontal framework on consumer rights <sup>(5)</sup>, the block exemption regulation for state aid <sup>(6)</sup>, reporting and documentation requirements in the

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<sup>(1)</sup> COM(2008) 33 (OJ C 202, 8.8.2008).

<sup>(2)</sup> COM(2008) 306 (OJ C 10, 15.1.2009).

<sup>(3)</sup> COM(2008) 402.

<sup>(4)</sup> COM(2008) 401.

<sup>(5)</sup> COM(2008) 614.

<sup>(6)</sup> Regulation (EC) No 800/2008 (OJ L 214, 9.8.2008).

event of company mergers or divisions <sup>(1)</sup>) and the field of statistics. These initiatives also related to product regulation (such as the proposal for a directive on examining variations to the terms of marketing authorisations for medicinal products for human use and veterinary use <sup>(2)</sup>), the proposal to recast the cosmetics directive <sup>(3)</sup>, the proposal on the general safety of motor vehicles <sup>(4)</sup> and the proposal on the safety of toys <sup>(5)</sup>.

### ***Application of Community law***

On 18 November the Commission presented its 2007 annual report on monitoring the application of Community law <sup>(6)</sup>. This looks at three main areas where improvements have to be made: measures to prevent problems arising; partnership with the Member States, geared to prevention, to resolve the problems encountered by the public; and defining the priorities in handling complaints and infringements.

The annual report comprises: a report containing a strategic assessment, priority-setting and a programme of work in the field of monitoring the application of Community law; a document containing an analysis by sector <sup>(7)</sup>; a document containing a list of all infringement proceedings relating to the Treaties, regulations and decisions, showing the Member States and sectors involved and the current stage of the proceedings, and a similar list for directives <sup>(8)</sup>.

On the same day the Commission also adopted a sectoral communication on the application of Community environmental law <sup>(9)</sup>. This identifies the problems associated with implementing Community environmental legislation and describes the means for promoting compliance. These are aimed in particular at preventing infringements, responding to the particular concerns of the European public, identifying the most serious breaches so that they can be dealt with immediately and forcefully, and ensuring closer dialogue with the European Parliament, the public and interested parties.

At the end of 2008, 3 430 infringement proceedings were under way, including 1 840 complaints.

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<sup>(1)</sup> COM(2008) 194 and COM(2008) 576.

<sup>(2)</sup> COM(2008) 123 (OJ C 202, 8.8.2008).

<sup>(3)</sup> COM(2008) 49.

<sup>(4)</sup> COM(2008) 316 (OJ C 10, 15.1.2009).

<sup>(5)</sup> COM(2008) 9 (OJ C 207, 14.8.2008).

<sup>(6)</sup> COM(2008) 777.

<sup>(7)</sup> SEC(2008) 2854.

<sup>(8)</sup> SEC(2008) 2855.

<sup>(9)</sup> COM(2008) 773.

### ***Legal framework for Community statistics***

On 11 March the European Parliament and the Council adopted decisions establishing a European statistical governance advisory board and a European statistical advisory committee <sup>(1)</sup>. These initiatives are intended to strengthen and supplement the governance of the European statistical system.

## **Reducing the administrative burden**

In its working document of 30 January entitled 'Reducing administrative burdens in the European Union — 2007 progress report and 2008 outlook' <sup>(2)</sup>, the Commission reported on the first year of operation of the action programme to reduce administrative burdens. It also announced its intention of presenting new fast-track actions that could produce significant results with only minor changes to existing legislation.

These fast-track actions, presented in the communication of 10 March <sup>(3)</sup>, covered the following areas: agriculture, industry policy, environment, statistics and the internal market (company law and accounting).

The expert group set up in 2007 under the chairmanship of Mr Stoiber to advise the Commission on implementing the action programme to reduce the administrative burden continued its work on fast-track actions throughout the year. It issued opinions on new and ongoing reduction initiatives and launched a competition to find the best idea for reducing the administrative burden.

In 2008 the Commission received hundreds of suggestions for measures to reduce administrative costs through its online consultation, launched in 2007, or via reports or letters.

## **Subsidiarity and proportionality**

On 26 September the Commission presented its 15th annual report 'Better lawmaking' on the application of the principles of subsidiarity and proportionality in 2007 <sup>(4)</sup>. This also reported on two events in 2007 that affected the application of these two principles: the creation of the Impact Assessment Board (which has helped to increase the monitoring of subsidiarity and proportionality in the Commission's impact assessments) and the agreement on a new Treaty (which will confer a new role on national parliaments in examining the application of these two principles). The report concludes that each

<sup>(1)</sup> Decisions No 235/2008/EC and No 234/2008/EC (OJ L 73, 15.3.2008).

<sup>(2)</sup> COM(2008) 35 (OJ C 202, 8.8.2008).

<sup>(3)</sup> COM(2008) 141 (OJ C 202, 8.8.2008).

<sup>(4)</sup> COM(2008) 586.

of the actors in the system, at national and European levels, has made a contribution to scrutinising Community proposals. Moreover, the fact that national parliaments and the EU institutions have raised similar concerns shows a growing degree of consensus on what is meant by subsidiarity and proportionality in practice.

## Transparency

### ***Register of interest representatives***

On 23 June the European Commission launched its online register of interest representatives. All actors engaged in activities aimed at influencing the policy formulation and decision-making processes of the European institutions are asked to register and disclose certain information in order to enhance the transparency of relations between interest representatives and the Commission. Registration is conditional on accepting the content of the code of conduct.

The code of conduct for interest representatives was adopted by the Commission after a public consultation exercise. It was presented in the Commission communication of 27 May 'European transparency initiative: A framework for relations with interest representatives (register and code of conduct)' <sup>(1)</sup>. In this communication the Commission defined interest representation activities and set out seven basic rules for how representatives should behave.

### ***Public access to documents***

The three institutions presented their annual reports for 2007 <sup>(2)</sup> on the application of the regulation on public access to European Parliament, Council and Commission documents <sup>(3)</sup>. On 30 April the Commission adopted a proposal to amend this regulation in order to enhance transparency, particularly as regards legislative activity, and at the same time improve and clarify certain provisions <sup>(4)</sup>. The proposal followed the public consultation organised in 2007 on the basis of a Green Paper <sup>(5)</sup>.

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<sup>(1)</sup> COM(2008) 323 (OJ C 10, 15.1.2009).

<sup>(2)</sup> COM(2008) 630.

<sup>(3)</sup> Regulation (EC) No 1049/2001 (OJ L 145, 31.5.2001).

<sup>(4)</sup> COM(2008) 229.

<sup>(5)</sup> COM(2006) 194 (OJ C 151, 29.6.2006) and COM(2007) 127 (OJ C 181, 3.8.2007).

### ***Transparency in financial matters***

A new Internet site on the system of financial transparency was launched on 2 October as part of the European transparency initiative <sup>(1)</sup>. The site focuses on beneficiaries of funds from budget headings administered directly by the Commission or by the executive agencies responsible for managing certain European Union programmes.

All Member States have also had to create an Internet site containing information on payments to beneficiaries of rural development aid (available from 30 September for expenditure from the European Agricultural Fund for Rural Development (EAFRD <sup>(2)</sup>) and from 30 April 2009 for expenditure from the European Agricultural Guarantee Fund (EAGF)).

### ***General references and other useful links***

- Better regulation:  
[http://ec.europa.eu/governance/better\\_regulation/index\\_en.htm](http://ec.europa.eu/governance/better_regulation/index_en.htm)
- Impact assessment:  
[http://ec.europa.eu/governance/impact/index\\_en.htm](http://ec.europa.eu/governance/impact/index_en.htm)
- Reduction of administrative burdens:  
[http://ec.europa.eu/enterprise/admin-burdens-reduction/home\\_en.htm](http://ec.europa.eu/enterprise/admin-burdens-reduction/home_en.htm)
- Civil society:  
[http://ec.europa.eu/civil\\_society/index\\_en.htm](http://ec.europa.eu/civil_society/index_en.htm)
- Register of interest representatives:  
<http://www.ec.europa.eu/transparency/regrin/>
- Financial transparency:  
[http://ec.europa.eu/beneficiaries/fts/index\\_en.htm](http://ec.europa.eu/beneficiaries/fts/index_en.htm)  
[http://ec.europa.eu/agriculture/funding/index\\_en.htm](http://ec.europa.eu/agriculture/funding/index_en.htm)
- EUR-Lex:  
<http://eur-lex.europa.eu/en/index.htm>

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(1) COM(2006) 194 (OJ C 151, 29.6.2006).

(2) See the first financial report on financial implementation of the EAFRD, COM(2008) 589.

## Section 2

# Communication strategy

### **Background**

*Aware of the need to get citizens more involved in European political life and to improve the way it presents its activities externally, the European Commission has adopted a new approach to communication which consists of 'listening better, explaining better and going local'. Since communication on European affairs must be a shared responsibility, in 2007 it proposed an interinstitutional agreement and management partnerships with interested Member States. In addition, it has opened 'field offices for multilingualism' within its representations in the Member States, which present the European Union's messages in a clear manner by adapting the information to the local context.*

On 2 April the Commission adopted a communication addressing the future of the Plan D approach applied from 2005 to 2007 <sup>(1)</sup>. This initiative, which covers the period 2008–09, is now known as Debate Europe. Specifically, its tasks are to:

- co-finance the consultation of citizens on the future of Europe, under the management of civil society organisations;
- boost the capacity of the Commission's representations and of local information relays to allow them to organise debates on Community issues;
- increase synergies between the various Commission programmes which promote active citizenship;
- enhance interinstitutional cooperation within the Member States and at Community level in a joint effort to establish contact with citizens.

Furthermore, this initiative continues the development of the most successful actions undertaken as part of Plan D, such as Internet debates, the European public spaces created by the Commission representations and the information offices of the European Parliament or the citizens' forums organised by the other Community institutions and bodies.

On 24 April the Commission also proposed <sup>(2)</sup> specific measures to provide citizens with more information on European issues through the audiovisual media. These measures focus on developing networks of audiovisual operators (radio, television and Internet)

<sup>(1)</sup> COM(2008) 158 (OJ C 202, 8.8.2008).

<sup>(2)</sup> SEC(2008) 506.



through five-year 'public service' contracts. These networks of operators undertake to produce and disseminate, with complete editorial independence, programmes relating to European affairs in the various languages of the European Union. For instance, the online platform of Euranet, the network of European radio stations, was launched on 11 November <sup>(1)</sup>.

The Commission also centred its communication on eight priorities in 2008 (compared with 17 in 2007) in order to increase its visibility and its impact on citizens.

In this connection, four interinstitutional communication priorities have been selected for 2009: the elections to the European Parliament, energy and climate change, the 20th anniversary of the fall of the Berlin Wall, and support for growth, employment and solidarity.

In order to encourage a convergence of views on the European Union's communication priorities, the Council and the European Parliament adopted, on 9 and 13 October respectively, a joint declaration on 'Communicating Europe in partnership'.

In addition, with a view to improving dialogue with citizens, a start was made in 2008 on restructuring the Europa website <sup>(2)</sup>. The aim is to simplify navigation and the editorial content and to increase interactivity. Likewise, an online calendar of the main activities of the European institutions, aimed at journalists, has also been available on this website since June 2008.

As regards communication outside the European Union, the Community delegations concentrated their public diplomacy work on the European Year of Intercultural Dialogue and on energy and climate change issues.

Considerable progress was also made in the course of the year in developing more effective internal communication <sup>(3)</sup>, particularly as regards the sharing of information between departments, joint training (also for management and for 'staff as ambassadors'), the development of resources and evaluation.

### **General references and other useful links**

- Directorate-General for Communication:  
[http://ec.europa.eu/dgs/communication/index\\_en.htm](http://ec.europa.eu/dgs/communication/index_en.htm)
- Information sources and contact points for the European Union:  
[http://europa.eu/geninfo/info/index\\_en.htm](http://europa.eu/geninfo/info/index_en.htm)
- Debate Europe:  
<http://europa.eu/debateeurope/>

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<sup>(1)</sup> IP/08/1680.

<sup>(2)</sup> SEC(2007) 1742.

<sup>(3)</sup> SEC(2007) 912.

### Section 3

## Lisbon Treaty

### **Background**

*The year 2007 marked the 50th anniversary of the Treaties of Rome. The Berlin Declaration — signed to mark the occasion by the Presidents of the European Parliament, the Council and the Commission — reaffirmed Europe's common values and set a dual goal: to pre-launch the process of reforming the Union following the rejection of the Treaty establishing a Constitution for Europe and to place the European Union on a renewed common basis before the European Parliament elections in 2009. The Intergovernmental Conference held in 2007 put the finishing touches to the new Treaty, to be known as the Treaty of Lisbon, and it was signed on 13 December 2007 <sup>(1)</sup>. It has to be ratified by every Member State before it can enter into force. On the same occasion, the Charter of Fundamental Rights was signed and proclaimed by the Presidents of the European Parliament, the Council and the Commission on 12 December 2007 in Strasbourg.*

### **Ratification of the Lisbon Treaty**

In the course of the year, the parliaments of 25 Member States approved the Lisbon Treaty (see Table 1).

On 12 June the people of Ireland rejected the Treaty by 53.4 % to 46.6 % in a referendum.

Following the 'no' vote in Ireland, at its meeting of 19 and 20 June the European Council confirmed that the ratification process would continue in the other Member States. It felt that more time was needed to analyse the situation and agreed to return to the subject in October.

At its meeting of 15 and 16 October it took note of the analysis of the results of the referendum presented by the Irish Taoiseach, Brian Cowen. The Irish government will continue its consultation process with a view to contributing to finding a way to resolve the situation.

The discussions were continued at the European Council of 11 and 12 December, where an approach was established to enable the Treaty of Lisbon to come into force before the end of 2009. Regarding the composition of the Commission, the European Council

<sup>(1)</sup> OJ C 306, 17.12.2007.

pointed out that under the existing Treaties the number of members of the Commission must be reduced in 2009. The European Council agreed that, provided the Treaty entered into force, a decision would be adopted under the necessary legal procedures to enable the Commission to continue to include one national of each Member State. Similarly, provided Ireland undertook to seek ratification of the Treaty by the end of the term of the current Commission, the European Council agreed that legal guarantees would be given on three points: taxation, the security and defence policy of the Member States, and the provisions of the Irish Constitution in relation to the right to life, education and the family.

**Table 1**

<b>Ratification of the Lisbon Treaty</b>			
<b>Member State</b>	<b>Ratification procedure</b>	<b>Ratification date <sup>(1)</sup></b>	<b>Comments</b>
Belgium	Parliamentary method	15 October	Adopted on 10 July
Bulgaria	Parliamentary method	28 April	Adopted on 21 March
Czech Republic	Parliamentary method		Vote in the Senate planned for mid-January 2009
Denmark	Parliamentary method	29 May	Adopted on 24 April
Germany	Parliamentary method		Adopted on 23 May. Deposit of instruments of ratification pending the opinion of the Federal Constitutional Court
Estonia	Parliamentary method	23 September	Adopted on 11 June
Ireland	Referendum		Rejected on 12 June
Greece	Parliamentary method	12 August	Adopted on 11 June
Spain	Parliamentary method	8 October	Adopted on 15 July
France	Parliamentary method	14 February	Adopted on 7 February
Italy	Parliamentary method	8 August	Adopted on 31 July
Cyprus	Parliamentary method	26 August	Adopted on 3 July
Latvia	Parliamentary method	16 June	Adopted on 8 May
Lithuania	Parliamentary method	26 August	Adopted on 8 May
Luxembourg	Parliamentary method	21 July	Adopted on 29 May
Hungary	Parliamentary method	6 February	Adopted on 17 December 2007
Malta	Parliamentary method	6 February	Adopted on 29 January
Netherlands	Parliamentary method	11 September	Adopted on 8 July
Austria	Parliamentary method	13 May	Adopted on 24 April
Poland	Parliamentary method		Adopted on 2 April, awaiting signature by President
Portugal	Parliamentary method	17 June	Adopted on 23 April
Romania	Parliamentary method	11 March	Adopted on 4 February
Slovenia	Parliamentary method	24 April	Adopted on 29 January
Slovakia	Parliamentary method	24 June	Adopted on 10 April
Finland	Parliamentary method	30 September	Adopted on 11 June
Sweden	Parliamentary method	10 December	Adopted on 20 November
United Kingdom	Parliamentary method	16 July	Adopted on 18 June

<sup>(1)</sup> Date of deposit of instruments of ratification.

### **General references and other useful links**

- Treaty of Lisbon:  
[http://europa.eu/lisbon\\_treaty/index\\_en.htm](http://europa.eu/lisbon_treaty/index_en.htm)

## Section 4

# Global financial crisis

### **Background**

*The financial crisis which unfolded on the American subprime mortgage market in 2007 led to major turmoil and uncertainty in the entire global financial system. In response to this situation, in October 2007 the Council adopted a number of conclusions to address the main weaknesses in the financial system highlighted by the crisis. The areas to be given priority treatment were set out in the Ecofin roadmap, focusing on four key areas: improving transparency, the valuation of financial products, strengthening prudential requirements, and improving the functioning of the markets by means of a tighter credit rating policy.*

In September the events following the government bail-out of American mortgage lenders and the bankruptcy of a fourth American commercial bank (on 7 and 15 September respectively) triggered a global financial crisis which reached Europe at the end of September.

Emergency measures to address the economic impact of the financial crisis were immediately taken across the globe. On top of those measures the European Union took a leading role in working towards a genuine and complete overhaul of the international financial system based on the principles of transparency, bank solidarity, responsibility, integrity and global governance.

Also, in the course of the year, before the financial crisis took hold in Europe, several initiatives and ideas for discussion on financial stability were presented in the run-up to the October 2007 roadmap. They are set out in detail in Chapter II, Section 1, 'Macroeconomic framework' (1).

(1) See 'General' and 'Financial systems' in Chapter II, Section 1, 'Macroeconomic framework', of this Report.

### ***The European response to the financial crisis***

After the crisis was triggered in September, several Member States were forced to take emergency measures to safeguard their national banking systems.

At the same time formal and informal talks were held between the Member States to map out a common response to the economic slowdown and restore confidence on the financial markets.

From the outset of the crisis, the Commission signalled its commitment to help the Member States to take effective, coordinated action to resolve the urgent problems facing the financial sector and thus address any systemic crisis. These emergency initiatives presented by the Commission are in line with the framework laid down by the Economic and Financial Affairs (Ecofin) Council in October 2007 to promote transparency and responsibility in the financial sector and support the development of the internal market.

The European Parliament made several formal requests for the Commission to take legislative action on the financial markets.

Against this background an informal meeting of European economics and finance ministers was held in Nice on 13 September.

On 23 September Parliament adopted two resolutions, the first calling for the introduction of legislation to improve the framework for the supervision of hedge funds and private equity, and the second for new rules to provide greater transparency in hedge fund and private equity policies.

On 1 October the Commission proposed <sup>(1)</sup> a review of the capital requirements directive <sup>(2)</sup>. The proposed amendments focus on improving large exposure management, improving the quality of capital, streamlining supervision methods and making them more effective, improving liquidity risk management and rectifying the shortcomings of securitisation in the 'originate to distribute' model.

On 4 October the European members of the G8 met in Paris. The German, French, Italian and UK leaders adopted a joint communiqué in which they undertook to take all the necessary steps to maintain the solidarity and stability of the financial system.

On 6 October this was followed by a statement by the 27 EU Heads of State or Government. The EU leaders declared that they would all take the necessary measures to ensure the stability of the financial system (by means of enhanced bank deposit guarantees, cash injections from the central banks and measures targeted at particular banks).

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(1) COM(2008) 602.

(2) Directives 2006/48/EC and 2006/49/EC (OJ L 177, 30.6.2006).

Following a meeting of the Eurogroup on 6 October the Council met in Luxembourg on 7 October. It agreed on a coordinated approach to tackle the financial crisis. Looking forward to the European Council meeting on 15 and 16 October, it adopted conclusions on an immediate response to the financial turmoil and declarations on the following subjects: strengthening financial stability; the need for tighter supervision of the financial markets; a coordinated Community response to the economic slowdown; and the levels of executive pay.

Following the statement by the Heads of State or Government, the Council concluded that the main priority was to restore confidence in the financial sector and its proper functioning. The Council also concluded that there was a need to support systemic financial institutions and set out common principles to achieve that. It encouraged the Commission to amend some of the accounting rules for banks without delay. The Member States agreed to raise deposit guarantees to a minimum of EUR 50 000. Lastly, the Council noted that the current rules (monitoring of state aid and the Stability and Growth Pact) were flexible enough to tackle the exceptional circumstances affecting Europe.

In line with the undertakings given by the Council on 7 October, on 13 October the Commission published guidelines <sup>(1)</sup> for the Member States on measures taken for financial institutions in crisis. The guidelines are based on the EC Treaty rules authorising aid to remedy a serious disruption in the economy of a Member State (Article 87(3)(b) of the EC Treaty). Under the Community rules on state aid, the measures taken must not lead to undue distortions of competition or adversely affect the internal market. Also, the measures must be limited in time and be accompanied by appropriate contributions from the private sector. Compliance with these principles, including individual aid measures, must be ensured by the Member States and will be monitored by the Commission. Also, on 5 December the Commission adopted detailed guidance on the recapitalisation of financial institutions by the Member States in the current financial crisis <sup>(2)</sup> to ensure that the rest of the economy has access to sufficient financing and stabilise the financial markets whilst avoiding undue distortion of competition, in accordance with the Community rules on state aid. The guidance takes account of the fact that the credit squeeze is now also beginning to affect the real economy and financially healthy banks could require public funds to be able to provide businesses with sufficient loans. The communication supplements and expands on the information in the guidance document of 13 October <sup>(3)</sup>.

On 15 October the Commission also presented a review <sup>(4)</sup> of the Community rules on deposit guarantee systems <sup>(5)</sup>. The new rules are designed to restore confidence in the

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<sup>(1)</sup> OJ C 270, 25.10.2008.

<sup>(2)</sup> C(2008) 8259.

<sup>(3)</sup> See 'State aid' in Chapter II, Section 1, 'Competition', of this Report.

<sup>(4)</sup> COM(2008) 661.

<sup>(5)</sup> Directive 94/19/EC (OJ L 135, 31.5.1994).

financial sector. Thus the minimum deposit guarantee level will rise in one year's time from EUR 20 000 to EUR 100 000 (rising to EUR 50 000 in the interim period), although each Member State will be able to set higher levels. In addition, the time allowed for reimbursement where a bank goes bankrupt will be reduced from three months to three days.

On the same date the Commission adopted amendments to some of the current accounting standards (International Accounting Standard IAS 39 and International Financial Reporting Standard IFRS 7) <sup>(1)</sup> to enable financial instruments to be reclassified and ensure that European financial institutions are not placed at a disadvantage vis-à-vis their international competitors <sup>(2)</sup>. Then, with a view to simplification, on 3 November it adopted a consolidated text of all the international accounting standards applicable in the European Union <sup>(3)</sup>.

On 9 October the European Parliament adopted a resolution on the future structure of financial supervision. The text formally requests the Commission to present proposals to improve the supervisory architecture and regulatory framework for financial services in Europe (Lamfalussy follow-up).

On 12 October a summit of the euro-area countries was held in Paris to lay down a joint plan of action for the members of the euro-area and the European Central Bank to tackle the current financial crisis. The Eurogroup representatives adopted a declaration on a concerted plan of action in the euro-area countries.

The economic and financial situation and the European Union's desire to make a major contribution to the international resolution of the crisis also dominated the European Council meeting on 15 and 16 October, which confirmed the principles adopted by the Eurogroup on 12 October to maintain financial stability. The measures envisaged are designed, in particular, in cooperation with the central banks and the supervisory authorities, to ensure sufficient liquidity for financial institutions, facilitate their funding and provide them with the capital resources to enable them to continue financing the economy as normal. The European Council also decided to set up an informal early warning and information exchange and evaluation mechanism (financial crisis task force) without delay. Monthly meetings of the national supervisors were also agreed to strengthen oversight of the European financial sector.

The European Council also approved an initiative to work together with international partners as soon as possible on an overhaul of the international financial system and a new global governance. It committed Europe to taking the lead in devising a new system of financial governance. It was planned to hold an international summit before the end of 2008 (see below under 'G20 international summit').

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<sup>(1)</sup> Regulation (EC) No 1004/2008 (OJ L 275, 16.10.2008).

<sup>(2)</sup> See 'Accountancy and auditing' in Chapter II, Section 2, 'Progress of the internal market', of this Report.

<sup>(3)</sup> Regulation (EC) No 1126/2008 (OJ L 320, 29.11.2008).

Ahead of that, the President of the European Council and the President of the Commission met the US President in New York on 18 October. The three leaders agreed to propose a series of international summits to tackle the financial crisis. The ground to be covered at the summits included the supervision of financial institutions, the activities of high-risk hedge funds and the role of the International Monetary Fund (IMF).

In a resolution of 22 October on the October European Council meeting, the European Parliament called for measures to improve financial control. It repeated its call for legislative measures to strengthen the regulatory and supervisory framework and crisis management in the European Union, i.e. bank regulation and supervision, the role of credit rating agencies, securitisation, hedge funds, leverage, transparency obligations, winding-up rules, clearing for over-the-counter markets and crisis prevention mechanisms.

Similarly, the Council meeting on 4 November was mainly devoted to the response to the financial crisis, with discussion focusing on continuing the efforts already made. The finance ministers also discussed coordination of national action to support the financial sector, granting assistance to those European countries affected by the crisis and the need for the EU to speak with one voice in the debate on overhauling the international financial system.

The Council approved a loan of EUR 6.5 billion to Hungary <sup>(1)</sup> to enable it to cope with the heavy pressure on its financial markets. On top of that loan, the IMF and the World Bank provided financial assistance to support its balance of payments in the medium term.

In addition, the first meeting of the high-level expert group on financial supervision (set up by the President of the Commission) was held on 12 November, with the aim of presenting the Commission with recommendations on strengthening European supervisory arrangements and examining cooperation between European supervisors and their international counterparts <sup>(2)</sup>.

On the same date the Commission adopted a proposal for a regulation on credit rating agencies <sup>(3)</sup>. The proposal introduces a legally binding registration and external surveillance regime under which European regulators will be responsible for supervising the policies and procedures applied by credit rating agencies.

At its meeting on 2 December the Council approved an increase in the assistance ceiling available in the event of financial difficulties in Member States outside the euro area from EUR 12 billion to EUR 25 billion <sup>(4)</sup>. As regards the response to the financial crisis, it specifically insisted on the need to set up, without delay, national support schemes for bank guarantees, but also, and in particular, for recapitalisation plans.

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<sup>(1)</sup> COM(2008) 716.

<sup>(2)</sup> IP/08/1679.

<sup>(3)</sup> COM(2008) 704.

<sup>(4)</sup> Regulation (EC) No 1360/2008 (OJ L 352, 31.12.2008).



### ***European economic recovery plan***

To tackle the economic slowdown sparked by the financial crisis, on 29 October the Commission presented a communication 'From financial crisis to recovery: A European framework for action' <sup>(1)</sup>. It proposes a plan of action to support economic activity against the background of the downturn in Europe, based on a three-part approach: a new financial market architecture at EU level, measures to deal with the impact on the real economy, and a global response to the financial crisis.

Then, on 26 November, it adopted a European economic recovery plan <sup>(2)</sup>. Presented under the umbrella of the Lisbon strategy, the plan has two key pillars. The first is a major injection of purchasing power into the economy to boost demand and restore confidence. The Commission proposes that the Member States and the European Union agree to an immediate budgetary impulse amounting to EUR 200 billion (1.5 % of GDP) to boost demand whilst fully complying with the Stability and Growth Pact. The second rests on the need to direct short-term action to reinforce Europe's competitiveness in the long term. The plan sets out a comprehensive programme to direct action to 'smart' investment, i.e. investing in the right skills for tomorrow's needs, in energy efficiency to create jobs and save energy, in clean technologies to boost sectors such as construction and automobiles in the low-carbon markets of the future, and in infrastructure and interconnection to promote efficiency and innovation.

On 2 December the Council approved a contribution for the December European Council meeting on the European economic recovery plan. In particular, the Council supported a stimulus of the order of 1.5 % of the EU's GDP. The measures taken to support the Member States' activities had to be coordinated and take account of the different situations in the individual Member States. The European Council endorsed the European economic recovery plan at its meeting on 11 and 12 December.

In line with the recovery plan, on 17 December the Commission adopted a temporary framework for state aid <sup>(3)</sup> providing the Member States with additional possibilities to tackle the effects of the credit squeeze on the real economy. The Commission also proposed, on 10 December, a review of the multiannual financial framework (2007–13) <sup>(4)</sup>, under which additional funds of EUR 5 billion would be used in 2009 and 2010 to improve the energy network and the broadband infrastructure, without increasing the overall level of the financial framework.

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<sup>(1)</sup> COM(2008) 706.

<sup>(2)</sup> COM(2008) 800.

<sup>(3)</sup> IP/08/1993. See 'State aid' in Chapter II, Section 1, 'Competition', of this Report.

<sup>(4)</sup> COM(2008) 859.

In addition, on 16 December the Commission adopted a package of measures to facilitate implementation of the economic recovery plan and strengthen the Lisbon strategy <sup>(1)</sup>.

### ***G20 international summit***

An international summit meeting of the main countries and institutions concerned by the financial crisis took place in Washington on 15 November to discuss the possible reform of the international financial system. It followed the informal meeting of the Heads of State or Government of the European Union in Brussels on 7 November and the meeting of the G8 finance ministers in São Paulo on 8 and 9 November. The summit brought together the Heads of State or Government of the G20, the Secretary-General of the United Nations, the Managing Director of the IMF, the President of the World Bank, the President of the Commission and the Chair of the Financial Stability Forum, who adopted a declaration on the financial markets and world economy.

The summit, held on the European Union's initiative, mapped out an ambitious work programme for a concerted recovery of the world economy, more effective regulation of the financial markets, better global governance and the rejection of protectionism.

### ***General references and other useful links***

- Press pack on the financial crisis:  
[http://europa.eu/press\\_room/press\\_packs/crisis/index\\_en.htm](http://europa.eu/press_room/press_packs/crisis/index_en.htm)

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(1) See Chapter II, Section 1, 'The Lisbon strategy: a partnership for growth and employment', of this Report.

## Chapter II

# Prosperity

## Section 1

### Economic and social environment

#### **Background**

*The renewed Lisbon strategy — which is intended to ensure a prosperous, fair and environmentally sustainable future for Europe — focuses on growth and employment in a context of globalisation and sustainable development. In 2007 the institutions noted that this strategy, which was defined in 2005, had started to bear fruit. The Commission has therefore proposed a programme for a further three-year cycle.*

*At the same time, two out of the seven challenges in the sustainable development strategy have become priorities for the Union: climate change and sustainable development. In 2007, the European Council ushered in a new era in European energy policy by adopting ambitious, binding targets for 2020 as regards the reduction of greenhouse gases, renewable energy and biofuels and carbon capture and storage.*

### **The Lisbon strategy: a partnership for growth and employment**

On 13 and 14 March the European Council launched the second three-year cycle of the renewed Lisbon strategy for growth and employment (2008–10). It confirmed that the current integrated guidelines (the broad economic policy guidelines and the employment guidelines) and the four priority areas of action defined by the spring European Council in 2006 (knowledge and innovation, business environment, employment, energy

and climate change) remain valid. It also stressed that a renewed EU-level commitment to structural reforms, sustainable development and social cohesion will be necessary after 2010 in order to lock in the progress achieved by the renewed Lisbon strategy. It called on the Commission, the Council and the national Lisbon coordinators to start thinking about the future strategy beyond 2010.

On 16 December the Commission adopted a package of measures designed to facilitate the implementation of the European economic recovery plan of 26 November <sup>(1)</sup> and to strengthen the Lisbon strategy. The package includes a report on the implementation and the future priorities of the Lisbon strategy <sup>(2)</sup>.

The Commission also revised the European Globalisation Adjustment Fund (EGF) to maximise its potential to help people to get back into work <sup>(3)</sup>. Likewise, it adopted a communication 'New skills for new jobs' <sup>(4)</sup> which makes a first assessment of the European Union's future skills and labour market needs up to 2020 <sup>(5)</sup>.

A further communication adopted in the framework of the 16 December package explains how the Member States can use cohesion policy funds to boost the economy in the short term while managing long-term challenges such as improving competitiveness and the transition to a low-carbon economy <sup>(6)</sup>. Out of the total cohesion policy budget (2007–13), EUR 230 billion has been allocated to investments in the four priority areas of the renewed Lisbon strategy for growth and employment.

A communication setting out the immediate priorities for cooperation in the field of education and training for the period 2009–10 and the strategic long-term challenges was also adopted in the context of the Lisbon strategy package <sup>(7)</sup>.

Finally, the package includes a communication on the external aspect of the Lisbon strategy <sup>(8)</sup> which is based on a recovery plan and contains proposals to improve the EU's international regulatory cooperation and to ensure fair and open access to third-country markets. It also contains a single market review <sup>(9)</sup>.

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<sup>(1)</sup> COM(2008) 800. See 'European economic recovery plan' in Chapter I, Section 4, of this Report.

<sup>(2)</sup> COM(2008) 881.

<sup>(3)</sup> COM(2008) 867.

<sup>(4)</sup> COM(2008) 868.

<sup>(5)</sup> See 'Employment' in Chapter III, Section 1, 'Social dimension', of this Report.

<sup>(6)</sup> COM(2008) 876. See 'Cohesion policy' in Chapter III, Section 1, 'Regional dimension and cohesion policy', of this Report.

<sup>(7)</sup> COM(2008) 865. See 'Lifelong learning' in Chapter II, Section 2, 'Education and training', of this Report.

<sup>(8)</sup> COM(2008) 874. See 'Market access strategy' in Chapter V, Section 2, 'International trade', of this Report.

<sup>(9)</sup> SEC(2008) 3064. See 'Single market review' in Chapter II, Section 2, 'Progress of the internal market', of this Report.

Furthermore, at its meeting on 26 and 27 November the Committee of the Regions adopted an outlook opinion in which it emphasised the need for closer coordination of growth and employment policies at the various levels of government.

## **Sustainable development strategy**

The purpose of the June 2006 revised sustainable development strategy is to respond to the following seven priority challenges: climate change and clean energy; sustainable transport; sustainable consumption and production; the conservation and management of natural resources; public health; social inclusion; and demography, migration and global poverty.

On the basis of this revised strategy, the European Union has continued throughout the year to build sustainable development into all its policies. The principal long-term objective of sustainable development — which concerns quality of life, intergenerational equity and the long-term viability of European society — and the medium-term objective of growth and employment in the context of the Lisbon strategy have continued to converge. Examples of such convergence at European level include: the political priorities on energy and climate change; the single market, which offers proof that opening up the market can improve quality of life if it is accompanied by social and environmental measures; the renewed social agenda, which is aimed at increasing opportunities and access for European citizens and strengthening solidarity with the needy; and efforts towards better regulation which promotes the consistent application of policies and calls for the systematic assessment of economic, social and environmental impacts. Emphasis has been placed on effective application of policies which will produce results that can be measured on the ground.

As provided for in the revised strategy, in 2008 the Commission published a citizens' guide to the strategy which sets out the European Union's approach to the issue and its aims and provides specific examples of how people can contribute to sustainable development.

In response to a request from the European Council of December 2007, the Commission will be presenting the next strategy report in June 2009.

## **Macroeconomic framework**

### ***General***

The economic climate in 2008 was marked by a rise in the prices of basic products, turmoil on the financial markets and a slowing-down of the economy.

Solutions to limit the effects of rising food prices on world markets were presented in a communication of 20 May <sup>(1)</sup>. On 13 June a communication on rising oil prices followed <sup>(2)</sup>. The two communications were discussed at the European Council meeting on 19 and 20 June.

As for the turmoil on financial markets from September onwards, the European Union's immediate response is dealt with in Chapter 1, Section 4 <sup>(3)</sup>. Other measures relating to financial markets are described under the heading 'Financial systems' in this section (see below).

The economic slowdown was confirmed in the autumn economic forecast for the period 2008–10 which the Commission presented on 3 November.

Given this economic situation, on 29 October the Commission adopted a communication 'From financial crisis to recovery: A European framework for action' <sup>(4)</sup> and, on 26 November, it put forward a European plan to relaunch the economy <sup>(5)</sup>. These two initiatives are also described in Chapter I, Section 4 <sup>(6)</sup>.

On 14 May the Council adopted a recommendation on the 2008 update of the broad economic policy guidelines for the Member States and the Community for the period 2008–10 <sup>(7)</sup>.

### **Financial systems**

On 27 February the Commission presented two communications, one on adapting the European and global financial systems to strengthen financial stability <sup>(8)</sup> and the other on sovereign wealth funds <sup>(9)</sup>.

With regard to financial stability, the Commission sought the European Council's confirmation of the principles which will guide the EU's efforts to improve financial market transparency and reinforce prudential supervision and risk management, and to set out the broad outlines of the action to be taken. The communication forms part of the roadmap adopted by the Council in October 2007.

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<sup>(1)</sup> COM(2008) 321 (OJ C 10, 15.1.2009). See 'Agricultural prices and related measures' in Chapter III, Section 2, 'Agriculture and rural development', of this Report.

<sup>(2)</sup> COM(2008) 384 (OJ C 10, 15.2009). See 'General' in Chapter II, Section 2, 'Energy' and 'Content of the common fisheries policy' in Chapter III, Section 2, 'Fisheries and maritime affairs', of this Report.

<sup>(3)</sup> See 'European response to the financial crisis' in Chapter I, Section 4, of this Report.

<sup>(4)</sup> COM(2008) 706.

<sup>(5)</sup> COM(2008) 800.

<sup>(6)</sup> See 'European economic recovery plan' in Chapter I, Section 4, of this Report.

<sup>(7)</sup> OJ L 137, 27.5.2008 and OJ L 139, 29.5.2008.

<sup>(8)</sup> COM(2008) 122 (OJ C 202, 8.8.2008).

<sup>(9)</sup> COM(2008) 115 (OJ C 202, 8.8.2008).

The communication on sovereign wealth funds addresses the issues posed by these funds as a specific category of cross-border investments. It shows how the adoption of a common approach enables a good balance to be struck between addressing concerns about these funds and maintaining the shared benefits of an open investment environment.

The European Council of 13 and 14 March concluded that, in order to enhance the stability of financial markets, measures should be taken to improve transparency and functioning, and to strengthen supervision and the regulatory framework at national, EU and international levels. Special attention was also paid to the future of sovereign wealth funds.

As requested by the European Council, in its conclusions of 14 May the Council approved the measures and procedures to be put in place to improve the European Union's instruments for financial supervision and financial stability. It also updated the roadmaps for strengthening the EU's instruments for financial stability and the measures taken to deal with the financial crisis (roadmap adopted in October 2007) and the review of the Lamfalussy process for the regulation of financial services (roadmap adopted in December 2007).

The measures taken in response to the financial crisis are dealt with in Chapter 1, Section 4.

### ***Stability and Growth Pact***

The Community institutions conducted their annual review of the situation in each Member State. On the basis of the Commission recommendations, the Council successively adopted its opinions on the updated stability and convergence programmes of the EU-27 <sup>(1)</sup>.

The following action was taken with regard to excessive deficit procedures in 2008.

- The improvement in the situation in Italy, Portugal, Slovakia, the Czech Republic and Poland prompted the Council to follow the Commission's recommendations and, on 3 June <sup>(2)</sup> in the case of the first four Member States, and on 8 July <sup>(3)</sup> in the case of Poland, to abrogate its earlier decisions on the existence of excessive deficits in those countries.

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<sup>(1)</sup> OJ C 49, 22.2.2008, OJ C 73, 19.3.2008, OJ C 74, 20.3.2008 OJ C 75, 26.3.2008, and OJ C 182, 19.7.2008.

<sup>(2)</sup> Decisions 2008/560/EC, 2008/561/EC, 2008/562/EC and 2008/563/EC (OJ L 181, 10.7.2008).

<sup>(3)</sup> Decision 2008/622/EC (OJ L 200, 29.7.2008).

- On 8 July <sup>(1)</sup> the Council adopted a decision on the existence of an excessive deficit in the United Kingdom, with a recommendation on the measures to be taken to remedy this situation.

In response to the exceptional circumstances caused by the financial crisis, on 15 and 16 October the European Council decided that budget policies should continue to come under the revised Stability and Growth Pact, the application of which should also reflect the exceptional circumstances affecting the EU, as its rules provide.

### ***Quality and sustainability of public finances***

On 24 June the Commission presented a communication 'Public finances in EMU in 2008 — The role of quality of public finances in the EU governance framework' <sup>(2)</sup>. The communication contains the main messages of the report on past budgetary developments and the risks going forward as well as proposals for enhancing the effectiveness of the preventive arm of the Stability and Growth Pact, with a particular focus on better integration of the quality of public finances in economic surveillance.

For its part, the Council expressed its view on the quality of public finances in its conclusions of 14 May. It emphasised the need to step up efforts to improve the measurement and analysis of the quality of public finances and its impact on growth and indicated that it would return to this issue in 2009.

### ***Economic and monetary union***

On a general level, on 7 May the Commission adopted a communication 'EMU at 10: Successes and challenges after 10 years of economic and monetary union' <sup>(3)</sup>. It analyses the performance of the euro-area economy since the introduction of the single currency in 1999. It also sets out the aims to be achieved and the challenges facing the euro area and proposes a political programme which will enable economic and monetary union (EMU) to continue to be a success.

More specifically, in its communication of 18 April 'The introduction of the euro in Cyprus and Malta' <sup>(4)</sup>, the Commission covered the most important aspects of the changeover process, in particular the cash changeover, the conversion of the administrative and financial systems, the real and perceived impact of the euro's introduction on prices, and the opinion of citizens on the related information and communication campaigns.

<sup>(1)</sup> Decision 2008/713/EC (OJ L 238, 5.9.2008).

<sup>(2)</sup> COM(2008) 387 (OJ C 10, 15.1.2009).

<sup>(3)</sup> COM(2008) 238.

<sup>(4)</sup> COM(2008) 204 (OJ C 202, 8.8.2008).



With regard to future enlargement of the euro area, the Commission concluded in its convergence report of 7 May <sup>(1)</sup> that, out of the Member States examined, only Slovakia fulfilled the conditions for adoption of the euro. On the basis of this report and that of the European Central Bank, it therefore adopted a proposal that Slovakia should adopt the single currency on 1 January 2009 <sup>(2)</sup>. Having been welcomed by the European Council in June and endorsed by the European Parliament, the decision was adopted by the Council on 8 July <sup>(3)</sup>. The Commission subsequently presented its seventh report <sup>(4)</sup> and eighth report <sup>(5)</sup> on the progress of the practical preparations for the introduction of the single European currency in Slovakia on 18 July and 12 December, respectively.

## Taxation

### *General*

On 14 May the Council adopted its conclusions on 'Tax issues in agreements with third countries'. It emphasised the importance of implementing, on as broad a geographical basis as possible, the principles of good governance in the tax area.

With regard to efforts to eliminate harmful tax competition, on 3 June the Council adopted conclusions on the code of conduct for business taxation and, on 2 December, it adopted a new work programme for the group responsible for the code of conduct.

As for the European Parliament, on 2 September it adopted a resolution on a coordinated strategy to improve the fight against tax fraud and to eliminate the tax losses to which fraud gives rise by identifying the areas in which European legislation and administrative cooperation between the Member States could be improved without imposing an unnecessary burden on the tax authorities or taxpayers.

On 9 October the Commission adopted a report on the *ex post* evaluation of the Fiscalis 2003–07 programme <sup>(6)</sup>. Its conclusions indicate that the programme has improved the functioning of the taxation systems in the internal market by increasing cooperation between Member States, their authorities and officials.

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<sup>(1)</sup> COM(2008) 248.

<sup>(2)</sup> COM(2008) 249.

<sup>(3)</sup> Decision 2008/608/EC (OJ L 195, 24.7.2008).

<sup>(4)</sup> COM(2008) 480.

<sup>(5)</sup> COM(2008) 843.

<sup>(6)</sup> COM(2008) 623.

## **Direct taxation**

Following the Council's conclusions of 14 May, on 15 September the Commission presented its first report <sup>(1)</sup> on the operation of the savings directive <sup>(2)</sup>. The report contains an evaluation of the effects of the directive and sets out the Commission's view on possible amendments to the scope. On the basis of this report, on 13 November the Commission adopted a proposal for amendment of this directive to put an end to tax evasion <sup>(3)</sup>.

Furthermore, on 2 December the Council adopted a resolution on the coordination of direct taxation systems as regards exit taxes.

## **Indirect taxation**

In 2008 the Council approved various legislative proposals on indirect taxation:

- on 12 February a package of measures to facilitate the payment and refund of VAT within the European Union <sup>(4)</sup>; the VAT package contains: a directive on the place of supply of services; a mini one-stop shop for telecom, broadcasting and e-commerce services; a directive on procedures for VAT refunds to non-established businesses; and a regulation on the exchange of information between Member States which is necessary to underpin the new arrangements;
- on the same date a directive concerning indirect taxes on the raising of capital (capital duty directive) <sup>(5)</sup>; the aim of the directive is to contribute to legal certainty by enhancing clarity, rationality and simplification of legislation in this field;
- on 26 May a directive on mutual assistance for the recovery of claims relating to certain levies, duties, taxes and other measures <sup>(6)</sup>; in this context, on 28 November the Commission adopted a regulation laying down the detailed rules required for implementing certain provisions of the directive <sup>(7)</sup>;
- on 9 June an amendment to the decision concerning dock dues in the French overseas departments <sup>(8)</sup> to take account of new products made in the French department of Guyana which were not covered by current European Union legislation;
- on 16 December a directive concerning the general arrangements for excise duty <sup>(9)</sup> to strengthen the fight against tax fraud and to simplify the procedures applicable to the movement of products subject to excise duty;

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<sup>(1)</sup> COM(2008) 552.

<sup>(2)</sup> Directive 2003/48/EC (OJ L 157, 26.6.2003).

<sup>(3)</sup> COM(2008) 727.

<sup>(4)</sup> Directives 2008/8/EC and 2008/9/EC and Regulation (EC) No 143/2008 (OJ L 44, 20.2.2008).

<sup>(5)</sup> Directive 2008/7/EC (OJ L 46, 21.2.2008).

<sup>(6)</sup> Directive 2008/55/EC (OJ L 150, 10.6.2008).

<sup>(7)</sup> Regulation (EC) No 1179/2008 (OJ L 319, 29.11. 2008).

<sup>(8)</sup> Decision 2008/439/EC (OJ L 155, 13.6.2008).

<sup>(9)</sup> Directive 2008/118/EC (OJ L 9, 14.1.2009).

- on the same day an amendment to the VAT directive <sup>(1)</sup> and the regulation on administrative cooperation on VAT <sup>(2)</sup> to speed up the collection and exchange of information on intra-Community transactions as from 2010 <sup>(3)</sup>.

For its part, the Commission proposed several initiatives to combat VAT fraud more effectively:

- a communication on measures to change the VAT system to fight fraud <sup>(4)</sup> aimed in particular at the introduction of taxation for intra-Community supplies and the introduction of a generalised reverse charge (22 February);
- a new series of measures and a communication announcing the various legislative proposals, together with a timetable <sup>(5)</sup>; the measures concern shared responsibility and solidarity and exemption from VAT on imports (1 December).

Following on from the Commission's communication <sup>(6)</sup> on action to help improve the fight against VAT fraud, on 7 October the Council approved the Eurofisc programme guidelines. These are measures to combat VAT fraud and to facilitate the exchange of information between the Member States' tax authorities on operators suspected of fraud.

In other areas, on 7 July the Commission proposed an amendment to the VAT directive as regards reduced rates of value added tax <sup>(7)</sup>. The entire housing sector, restaurant and catering services and locally supplied services (especially labour-intensive services) should be included on the list of goods and services eligible for reduced rates.

With regard to excise duty on tobacco, on 16 July the Commission adopted a report and a proposal for a directive to amend the current EU legislation <sup>(8)</sup>. The proposal for a directive provides for a gradual increase in EU minimum taxation levels on cigarettes and fine cut tobacco (hand-rolling tobacco) up to 2014. It also updates the definitions of the various types of tobacco product and makes the taxation rules more transparent. The report and the proposal take stock of the situation on the tobacco market and propose possible measures to modernise excise duties on tobacco products.

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<sup>(1)</sup> Directive 2006/112/EC (OJ L 347, 11.12.2006).

<sup>(2)</sup> Regulation (EC) No 1798/2003 (OJ L 264, 15.10.2003).

<sup>(3)</sup> Directive 2008/117/EC and Regulation (EC) No 37/2009 (OJ L 14, 20.1.2009).

<sup>(4)</sup> COM(2008) 109 (OJ C 207, 14.8.2008).

<sup>(5)</sup> COM(2008) 807.

<sup>(6)</sup> COM(2007) 758 (OJ C 55, 28.2.2008).

<sup>(7)</sup> COM(2008) 428.

<sup>(8)</sup> COM(2008) 460 and COM(2008) 459.

## Competition

### *General*

In 2008 competition policy continued to maintain and create conditions for markets to operate within a competitive framework in the interest of European businesses and consumers alike. Action undertaken involved tackling market deficiencies resulting from anti-competitive behaviour by operators and certain market structures and helping to put in place, for all sectors of the economy, an overall economic policy framework that is conducive to effective competition.

Furthermore, on 16 June the Commission presented an overview of the principal developments in the field of competition policy in 2007 <sup>(1)</sup>.

### *State aid*

On 21 May <sup>(2)</sup> and 17 November <sup>(3)</sup> the Commission updated the state aid scoreboard. In the spring update, it highlighted the situation regarding state aid for environmental protection. In the autumn update, it emphasised that the volume of state aid was falling or stagnant in most Member States. The aid granted in the banking sector following the subprime crisis was also reviewed.

In more specific fields, on 23 January the Commission adopted guidelines <sup>(4)</sup> on state aid subsidies for environmental protection. The guidelines lay down new requirements for the aid and strike an important balance between strengthening environmental protection and reducing distortions of competition <sup>(5)</sup>. Furthermore, on 20 May the Commission adopted a new communication on state aid in the form of guarantees <sup>(6)</sup>.

On 6 August the Commission adopted a general block exemption regulation <sup>(7)</sup> declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the EC Treaty and allowing Member States to grant aid without having to notify the Commission in advance. The regulation authorises aid to small and medium-sized enterprises and for research, innovation, regional development, training, employment and risk capital schemes. It also authorises aid for environmental protection and measures to promote entrepreneurship. It consolidates in a single text and harmonises

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<sup>(1)</sup> COM(2008) 368.

<sup>(2)</sup> COM(2008) 304.

<sup>(3)</sup> COM(2008) 751.

<sup>(4)</sup> OJ C 82, 1.4.2008.

<sup>(5)</sup> See 'Climate change' in Chapter III, Section 2, 'Environment', of this Report.

<sup>(6)</sup> IP/08/764.

<sup>(7)</sup> Regulation (EC) No 800/2008 (OJ L 214, 9.8.2008).

the pre-existing provisions of five separate regulations while extending the categories of state aid covered by the exemption.

Numerous emergency measures in the field of state aid had to be adopted in response to the turmoil on the financial markets which began in September <sup>(1)</sup>. Competition policy provided a vital contribution to a coordinated European Union response, whilst preserving the possibility for Member States to intervene where necessary according to national conditions. With this in mind, on 13 October the Commission adopted a communication on the application of state aid rules to measures taken in relation to financial institutions in the context of the global financial crisis <sup>(2)</sup>. In accordance with the guidance given in the communication, the Commission in particular approved the aid plans for financial institutions put in place by several Member States <sup>(3)</sup>. On 5 December the Commission complemented the guidance document of 13 October by issuing a communication on how Member States can recapitalise banks to boost credit flows to the real economy in a manner consistent with Community state aid rules <sup>(4)</sup>.

In the context of its European economic recovery plan <sup>(5)</sup>, on 17 December the Commission adopted a temporary framework providing Member States with additional ways of tackling the effects of the credit squeeze on the real economy <sup>(6)</sup>. This new framework introduces a number of temporary measures to allow Member States to address companies' exceptional difficulties in obtaining finance. In particular, Member States will be able to grant, without notification of individual cases, subsidised loans, loan guarantees at a reduced premium, risk capital for SMEs and direct aids of up to EUR 500 000.

The statistics show that, at 660, the number of state aid notifications to the Commission was down in 2008 compared with 2007. The Commission also took 616 final decisions. It approved aid in about 96 % of cases, while in the remaining 4 % it took a negative decision after concluding that the measures did not comply with state aid rules and with the common market.

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<sup>(1)</sup> See Chapter I, Section 4, of this Report.

<sup>(2)</sup> OJ C 270, 25.10.2008.

<sup>(3)</sup> See in particular IP/08/1496, IP/08/1497, IP/08/1589, IP/08/1600, IP/08/1601, IP/08/1609 and IP/08/1610.

<sup>(4)</sup> C(2008) 8259.

<sup>(5)</sup> COM(2008) 800. See 'European economic recovery plan' in Chapter I, Section 4, of this Report.

<sup>(6)</sup> IP/08/1993.

## **Competition rules applicable to enterprises**

### **Merger control**

In the field of mergers, the Commission saw the number of notifications fall compared with 2007. More than 98 % of notified operations were approved, most within the one month allowed. However, a small number of cases were the subject of detailed investigation. Hence, the Commission launched detailed investigations in particular as regards the proposed takeover of Reuters by Thomson <sup>(1)</sup>, Statoil Hydro's acquisition of ConocoPhillips' Jet petrol stations in Scandinavia <sup>(2)</sup> and the acquisition of GBI business by ABF in the field of baker's yeasts <sup>(3)</sup>. These investigations have shown that the mergers as initially notified would have significantly hindered competition. To allay the Commission's concerns, the parties have modified the operations originally planned. On this basis, the Commission authorised these mergers on 19 February <sup>(4)</sup>, 21 October <sup>(5)</sup> and 23 September <sup>(6)</sup>, respectively.

### **Agreements and abuse of dominant position**

As regards cartels, the Commission levied fines totalling some EUR 3.2 billion on members of cartels operating on markets such as international removals <sup>(7)</sup>, paraffin waxes <sup>(8)</sup>, the importation of bananas <sup>(9)</sup> and the manufacture of glass for the car industry <sup>(10)</sup>.

With regard to restrictive practices, on 16 July the Commission adopted a decision prohibiting 24 European collecting societies which manage copyright from restricting competition by limiting their ability to offer their services to authors and commercial users outside their domestic territory <sup>(11)</sup>. On 26 November it adopted a decision which will open up the German electricity market to competition. The decision renders legally binding the commitments offered by the electricity producer E.ON to address concerns raised in the course of an investigation under EC Treaty rules prohibiting the abuse of a dominant market position <sup>(12)</sup>.

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<sup>(1)</sup> IP/07/1460.

<sup>(2)</sup> IP/08/740.

<sup>(3)</sup> IP/08/591.

<sup>(4)</sup> IP/08/260.

<sup>(5)</sup> IP/08/1556.

<sup>(6)</sup> IP/08/1392.

<sup>(7)</sup> IP/08/415.

<sup>(8)</sup> IP/08/1434.

<sup>(9)</sup> IP/08/1509.

<sup>(10)</sup> IP/08/1685.

<sup>(11)</sup> IP/08/1165.

<sup>(12)</sup> IP/08/1774.

The Commission also adopted two important decisions on compliance with competition rules. On 30 January it levied a fine of EUR 38 million on E.ON Energie AG <sup>(1)</sup> for removing a seal affixed by the Commission on premises belonging to the company and on 27 February it levied a EUR 899 million penalty on Microsoft <sup>(2)</sup> for failure to comply in time with its obligations under the Commission's March 2004 decision <sup>(3)</sup>.

Lastly, the Commission has launched a sector-wide investigation into competition in the pharmaceutical industry. The investigation was prompted by indications that competition in pharmaceutical markets in Europe might not be working well: fewer new pharmaceuticals are coming to market, and the entry of generic pharmaceuticals sometimes seems to be delayed <sup>(4)</sup>.

### ***Asserting a proactive policy***

On 19 February the European Parliament adopted a declaration on the need to investigate the abuse of power by large supermarkets operating in the European Union and remedial action to deal with the abuse. It called on the Commission to investigate the impact of mergers in the EU supermarket sector on small businesses, suppliers, workers and consumers and, in particular, to assess any abuses of buying power which may follow from such mergers.

On 2 April the Commission adopted a White Paper on damages actions for breach of EC antitrust rules <sup>(5)</sup>. The White Paper puts forward proposals for policy choices and specific measures that would ensure, more so than today, that all victims of infringements of EC competition law have access to effective redress mechanisms to enable them to be fully compensated for the damage they have sustained.

On 30 June <sup>(6)</sup> the Commission adopted a regulation on the conduct of settlement procedures in cartel cases <sup>(7)</sup> and a communication on these procedures <sup>(8)</sup>. These procedures will enable the Commission to settle certain cartel cases in a simplified manner.

Furthermore, on 1 July the Commission adopted guidelines on the application of Article 81 of the EC Treaty (provisions on restrictive agreements) to maritime transport services <sup>(9)</sup>.

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<sup>(1)</sup> IP/08/108.

<sup>(2)</sup> IP/08/318.

<sup>(3)</sup> IP/04/382.

<sup>(4)</sup> IP/08/49.

<sup>(5)</sup> COM(2008) 165 (OJ C 202, 8.8.2008).

<sup>(6)</sup> IP/08/1056.

<sup>(7)</sup> Regulation (EC) No 622/2008 (OJ L 171, 1.7.2008).

<sup>(8)</sup> OJ C 167, 2.7.2008.

<sup>(9)</sup> SEC(2008) 2151.

On 28 October the Commission launched a consultation on the operation of the regulation on concentrations <sup>(1)</sup>. The purpose of the review is to evaluate how the rules on jurisdictional thresholds and referral mechanisms have worked in practice during the four years in which the regulation has applied.

On 5 December it also published guidance on its enforcement priorities in applying the rules on the abuse of a dominant position to abusive exclusionary conduct (Article 82 of the EC Treaty). The Commission will give a high level of priority to cases in which exclusionary conduct by a dominant undertaking is likely to be harmful to consumers <sup>(2)</sup>.

### ***General references and other useful links***

- The Lisbon strategy:  
[http://ec.europa.eu/growthandjobs/index\\_en.htm](http://ec.europa.eu/growthandjobs/index_en.htm)
- Sustainable development:  
<http://ec.europa.eu/environment/eussd/>
- Stability and convergence programmes, excessive deficits:  
[http://ec.europa.eu/economy\\_finance/sg\\_pact\\_fiscal\\_policy/index\\_en.htm?cs\\_mid=570](http://ec.europa.eu/economy_finance/sg_pact_fiscal_policy/index_en.htm?cs_mid=570)
- European Central Bank:  
<http://www.ecb.eu/home/html/index.en.html>
- Taxation:  
[http://ec.europa.eu/taxation\\_customs/taxation/gen\\_info/tax\\_policy/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/gen_info/tax_policy/index_en.htm)
- Competition, prohibited restrictive agreements, state aid:  
[http://ec.europa.eu/competition/index\\_en.html](http://ec.europa.eu/competition/index_en.html)
- International Competition Network:  
<http://www.internationalcompetitionnetwork.org/>

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<sup>(1)</sup> Regulation (EC) No 139/2004 (OJ L 24, 29.1.2004).

<sup>(2)</sup> COM(2008) 832.



## Section 2

# Levers of prosperity

### **Background**

*The conclusion in 2007 of the single market review that had been launched in 2006 heralded the start of a new cycle for this pillar of the European project. The Community's new approach promises a modernisation of EU policy geared to deriving greater benefits from globalisation, empowering consumers, opening up opportunities for small businesses, stimulating innovation and maintaining high social and environmental standards.*

## **Progress of the internal market**

### ***Single market review***

On 16 December the Commission adopted a report 'The single market review: One year on' <sup>(1)</sup>. According to the report, single market policy played a vital role in 2008 in the European Commission's response to the financial crisis and the economic recession. The report outlines a series of measures that have already been taken, or are in the pipeline, that will help create the conditions to relaunch the European economy.

### ***Free movement of capital and payment systems***

The date 28 January saw the inception of the single euro payments area (SEPA), the aim of which is to create an integrated market for services for payments in euro where there is genuine competition and no distinction between domestic and cross-border euro payments within the EU. In conclusions adopted on 22 January, the Council endorsed the objective of the SEPA.

In addition, on 11 February the Commission adopted a report <sup>(2)</sup> on the application of the regulation on cross-border payments in euro <sup>(3)</sup>. It came to the conclusion that the regulation should be amended to take more account of market realities (the newly

<sup>(1)</sup> SEC(2008) 3064. See Chapter II, Section 1, 'The Lisbon strategy: a partnership for growth and employment', of this Report.

<sup>(2)</sup> COM(2008) 64 (OJ C 207, 14.8.2008).

<sup>(3)</sup> Regulation (EC) No 2560/2001 (OJ L 344, 28.12.2001).

created SEPA) and bring it into line with the directive on payment services in the internal market <sup>(1)</sup>.

On the back of its report, on 9 October the Commission put forward a proposal for amending the regulation <sup>(2)</sup>. The proposal aims at extending the principle of equal charges to direct debit payments. It also contains provisions that should give greater protection to the interests and rights of consumers in the event of disputes over cross-border payments and alleviate the burden of declaring statistical data.

On 13 October, to promote the emergence of a genuine single market in e-money services in the European Union, the Commission adopted a proposal for a directive <sup>(3)</sup> amending the directives on electronic money <sup>(4)</sup> and payment services <sup>(1)</sup>. The proposal aims at enabling new, innovative and secure electronic money services to be set up, providing market access to new players and fostering real and effective competition between all market participants.

### ***Free movement of goods***

On 9 July the European Parliament and the Council adopted a legislative package <sup>(5)</sup> aimed, on the one hand, at facilitating the free movement of goods in the internal market by removing remaining obstacles and, on the other hand, at strengthening competitiveness and consumer security. The package comprises a regulation establishing procedures for the application of various national technical rules to products lawfully marketed in another Member State, a regulation setting out requirements for the accreditation and market surveillance for the marketing of products and a decision on a common framework for the marketing of products.

On a more specific issue, on 21 May the European Parliament and the Council amended <sup>(6)</sup> the directive on control of the acquisition and possession of weapons <sup>(7)</sup>. In particular, the new directive stipulates that so-called civilian firearms be marked at the point of production and that data on arms movements be kept for a period of at least 20 years. Further provisions (on the deactivation of weapons and the problem of replica firearms) stem from the same concern to ensure that such weapons are secure before they come into circulation in the internal market.

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<sup>(1)</sup> Directive 2007/64/EC (OJ L 319, 5.12.2007).

<sup>(2)</sup> COM(2008) 640.

<sup>(3)</sup> COM(2008) 627.

<sup>(4)</sup> Directive 2000/46/EC (OJ L 275, 27.10.2000).

<sup>(5)</sup> Regulations (EC) Nos 764/2008 and 765/2008 and Decision No 768/2008/EC (OJ L 218, 13.8.2008).

<sup>(6)</sup> Directive 2008/51/EC (OJ L 179, 8.7.2008).

<sup>(7)</sup> Directive 91/477/EEC (OJ L 256, 13.9.1991).

## ***Freedom to provide services and freedom of establishment***

### **Services of general interest**

Services of general economic interest were the subject of an own-initiative opinion 'An independent evaluation of services of general interest' <sup>(1)</sup>, adopted by the European Economic and Social Committee on 14 February. According to the Committee, the evaluation should serve to increase the effectiveness and efficiency of services of general economic interest, help to adjust them better to changes in the needs of citizens and businesses, and provide public authorities with a basis for making the best decisions. Also, on 10 July the Committee submitted an exploratory opinion stressing the urgent need to recognise how important the services sector is to economic and social development.

### **Conditional access services**

On 30 September the Commission adopted its second report <sup>(2)</sup> on the application of the directive on the legal protection of services based on, or consisting of, conditional access <sup>(3)</sup>. The report finds that implementation of the directive at national level could be improved. It underlines the usefulness of the directive as regards the protection against piracy of traditional pay-TV services and new types of service using conditional access (such as video on demand, the Internet or mobile television). The promotion of the latter was the subject of guidelines published by the Commission on 10 December <sup>(4)</sup>. The report bemoans the weak growth in cross-border provision despite the high number of people benefiting from the freedom of movement in Europe and wanting to have access to services from their country of origin. Lastly, the Commission proposes that the European Union should ratify the Council of Europe's European Convention on the Legal Protection of Services based on, or consisting of, Conditional Access. On the same day, the Commission set up a group of Member States' experts on conditional access.

### **Financial services**

On 23 April the Commission adopted a proposal for a directive <sup>(5)</sup> aimed at bringing the two main Community instruments on settlement finality and financial collateral arrangements <sup>(6)</sup> into line with developments on the financial markets and regulatory change.

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<sup>(1)</sup> OJ C 162, 25.6.2008.

<sup>(2)</sup> COM(2008) 593.

<sup>(3)</sup> Directive 98/84/EC (OJ L 320, 28.11.1998).

<sup>(4)</sup> COM(2008) 845.

<sup>(5)</sup> COM(2008) 213 (OJ C 202, 8.8.2008).

<sup>(6)</sup> Directives 98/26/EC (OJ L 166, 11.6.1998) and 2002/47/EC (OJ L 168, 27.6.2002).

On 16 July it tabled a proposal for a review of the Community framework governing investment funds <sup>(1)</sup>. The proposed amendments to the directive on undertakings for collective investments in transferable securities (the UCITS directive) should remove the administrative obstacles to the cross-border marketing of funds.

On 17 July the Target2-Securities (T2S) project was launched officially by the European Central Bank <sup>(2)</sup>. Target2-Securities is an IT platform which centralises the settlement of euro-denominated securities (the system will also be open to other currencies) between participating entities. The platform should be a service available to central depositories and be managed by the ECB and the central banks of the Member States whose currency is the euro. The Commission is an official member of the group coordinating implementation of this project.

Among other measures taken in response to the financial crisis, the Commission proposed the revision of the 'own resources' directives <sup>(3)</sup>, the revision of the Community rules on deposit guarantee schemes <sup>(4)</sup> and a proposal for a regulation on credit rating agencies <sup>(5)</sup>. These initiatives are set out in more detail in Chapter I, Section 4 <sup>(6)</sup>.

On 3 June and 3 December the Council adopted conclusions on clearing and settlement.

## Postal services

On 20 February the European Parliament and the Council adopted a directive <sup>(7)</sup> amending the postal directive <sup>(8)</sup> as regards completion of the internal market in postal services in the Community. The deadline for complete market-opening is set at 31 December 2010, with a possibility for some Member States to delay this by a maximum of two years. Adoption marks the entry into force of the directive and sets the clock ticking for abolishing legal monopolies on postal services. The directive is the result of a broad political consensus on the way forward for the regulatory framework of European postal services.

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<sup>(1)</sup> COM(2008) 458.

<sup>(2)</sup> IP/08/1193.

<sup>(3)</sup> COM(2008) 602.

<sup>(4)</sup> COM(2008) 661.

<sup>(5)</sup> COM(2008) 704.

<sup>(6)</sup> See 'The European response to the financial crisis' in Chapter I, Section 4, of this Report.

<sup>(7)</sup> Directive 2008/6/EC (OJ L 52, 27.2.2008).

<sup>(8)</sup> Directive 97/67/EC (OJ L 15, 21.1.1998).

In addition, on 22 December the Commission adopted a report on the application of the postal directive <sup>(1)</sup>.

### ***Company law and corporate governance***

On 17 April and 24 September respectively, as part of its 2008 programme for reducing administration costs, the Commission adopted proposals for directives <sup>(2)</sup> making changes to certain company law obligations. The aims of the proposals presented are to simplify, on the one hand, the publication <sup>(3)</sup> and translation <sup>(4)</sup> obligations on some types of company, and, on the other hand, requirements as regards notifying and publishing national merger <sup>(5)</sup> or division projects <sup>(6)</sup> involving limited companies in the EU.

On 25 June, in pursuit of its vision of a modern single market policy <sup>(7)</sup>, the Commission adopted an initiative to create a new legal form in Europe intended to boost the competitiveness of small and medium-sized enterprises (SMEs) by making them easier to set up and helping them operate in the single market. It proposed a regulation on the statute for a private European company (*societas privata europaea* — SPE) <sup>(8)</sup>. This new statute will enable SMEs to set up companies with a single form that will operate regardless of whether their activities are cross-border in nature or only in their Member State of origin.

The Commission also adopted (on 30 September) a communication <sup>(9)</sup> on the review of the application of the directive <sup>(10)</sup> supplementing the statute for a European company <sup>(11)</sup> with regard to the involvement of employees.

### ***Accountancy and auditing***

As regards accountancy, on 17 April the Commission adopted a proposal for a directive <sup>(12)</sup> amending Council Directives 78/660/EEC and 83/349/EEC as regards certain disclosure

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<sup>(1)</sup> COM(2008) 884 and SEC(2008) 3076.

<sup>(2)</sup> COM(2008) 194 and COM(2008) 576.

<sup>(3)</sup> Directive 68/151/EEC (OJ L 65, 14.3.1968).

<sup>(4)</sup> Directive 89/666/EEC (OJ L 395, 30.12.1989).

<sup>(5)</sup> Directive 78/855/EEC (OJ L 295, 20.10.1978).

<sup>(6)</sup> Directive 82/891/EEC (OJ L 378, 31.12.1982).

<sup>(7)</sup> COM(2007) 724 (OJ C 55, 28.2.2008).

<sup>(8)</sup> COM(2008) 396.

<sup>(9)</sup> COM(2008) 591.

<sup>(10)</sup> Directive 2001/86/EC (OJ L 294, 10.11.2001).

<sup>(11)</sup> Regulation (EC) No 2157/2001 (OJ L 294, 10.11.2001).

<sup>(12)</sup> COM(2008) 195.

requirements for medium-sized companies <sup>(1)</sup> and the obligation to draw up consolidated accounts <sup>(2)</sup>.

On 24 April the Commission presented a report <sup>(3)</sup> on the operation of the regulation on international accounting standards (IAS) <sup>(4)</sup>. In response to a call from the European Parliament, the Commission also prepared impact studies on various standards and interpretations issued by the International Accounting Standards Board (IASB).

Also, on 15 October the Commission proposed that current accounting standards be adapted in the light of the global financial crisis. On 3 November it adopted a consolidated text of all the international accounting standards applicable in the European Union <sup>(5)</sup>.

On auditing, on 6 May the Commission adopted a recommendation on 'external quality assurance for statutory auditors and audit firms auditing public interest entities' <sup>(6)</sup>, which provides guidance for Member States on establishing independent and effective inspection systems on the basis of the directive on statutory auditing.

Also, on 5 June the Commission adopted a recommendation concerning the limitation of the civil liability of statutory auditors and audit firms <sup>(7)</sup>, the main aim of which is to encourage the emergence of other audit firms in order to make the market more competitive and which addresses the increase in the number of compensation claims and the inadequate coverage of risk in this sector.

As regards administrative formalities for third-country audit firms, on 4 August the Commission adopted a decision granting audit firms from 30 non-EU countries a transitional period for completing registration formalities <sup>(8)</sup>.

On 12 December the Commission adopted measures granting equivalence to the generally accepted accounting principles (GAAPs) of certain third countries as from 1 January 2009 <sup>(9)</sup>.

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<sup>(1)</sup> Directive 78/660/EEC (OJ L 222, 14.8.1978).

<sup>(2)</sup> Directive 83/349/EEC (OJ L 193, 18.7.1983).

<sup>(3)</sup> COM(2008) 215 (OJ C 202, 8.8.2008).

<sup>(4)</sup> Regulation (EC) No 1606/2002 (OJ L 243, 11.9.2002).

<sup>(5)</sup> See 'The European response to the financial crisis' in Chapter I, Section 4, of this Report.

<sup>(6)</sup> Recommendation 2008/362/EC (OJ L 120, 7.5.2008).

<sup>(7)</sup> Recommendation 2008/473/EC (OJ L 162, 21.6.2008).

<sup>(8)</sup> Decision 2008/627/EC (OJ L 202, 31.7.2008).

<sup>(9)</sup> Regulation (EC) No 1289/2008 and Decision 2008/961/EC (OJ L 340, 19.12.2008).

### ***Intellectual and industrial property***

On 16 July the Commission jointly adopted a proposal <sup>(1)</sup> for amending the directive on the term of protection applying to copyright and certain associated rights <sup>(2)</sup>, as well as a Green Paper on copyright in the knowledge economy.

The proposal for a directive is aimed at improving performers' social circumstances, in particular those of studio musicians. For its part, the Green Paper focuses on how research, science and educational materials are disseminated to the public and whether knowledge is freely circulating in the internal market. It represents the starting point for a structured debate on the long-term future of copyright policy.

On 16 July the Commission also adopted a communication on an industrial property rights strategy for Europe <sup>(3)</sup>. The communication stresses the need for a Community patent and judicial arrangements for patent disputes, as well as announcing measures to secure better access to industrial property rights for SMEs. A significant part of these measures is geared to effectively fighting violations of intellectual property rights. The communication was well received by the Council, which in turn adopted a resolution on 25 September on a comprehensive European anti-counterfeiting and anti-piracy plan <sup>(4)</sup>.

### ***Procurement contracts***

On 5 February the Commission adopted an interpretative communication on the application of Community law on public procurement and concessions to institutionalised public–private partnerships (IPPPs) <sup>(5)</sup>, mixed capital entities generally created to provide public services, especially at local level.

The communication explains the Community rules applying to the selection of private partners in the IPPPs. Depending on the task assigned to the IPPP (public contract or concession), this is governed either by the public procurement directives or the general principles of the EC Treaty. The communication stresses that IPPPs should in principle adhere to their initial area of activity. However, it is acknowledged that, as they are usually set up to provide a service over a lengthy period of time, IPPPs should be allowed to adapt to certain shifts in the economic, legal or technical climate. The communication explains the circumstances under which such changes may be taken into consideration.

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<sup>(1)</sup> COM(2008) 464 and COM(2008) 466.

<sup>(2)</sup> Directive 2006/116/EC (OJ L 372, 27.12.2006).

<sup>(3)</sup> COM(2008) 465.

<sup>(4)</sup> OJ C 253, 4.10.2008.

<sup>(5)</sup> C(2007) 6661.

On 25 June, in the context of the adoption of the 'small business act' for Europe (see below), the Commission published a code of good practice for facilitating SMEs' access to public procurement <sup>(1)</sup>. This sets out guidelines on how the Community legal framework should be applied so as to strengthen SMEs' involvement in contract award procedures. It also picks out national rules and practices that facilitate SMEs' access to public procurement.

On 15 September the new common procurement vocabulary (CPV) <sup>(2)</sup> entered into force. It has been updated to stay abreast of the most recent developments in technology and services. The emphasis has been put on a streamlined structure that serves purchasers, making the CPV more 'product driven' and less 'material driven'.

On 9 December the Commission adopted a decision <sup>(3)</sup> updating the indicative lists of the contracting authorities and contracting entities covered by the public procurement directives <sup>(4)</sup>. The decision will give businesses and public authorities a more specific idea of the coverage of the directives.

In 2008 the Commission adopted five decisions <sup>(5)</sup> on requests for exemption pursuant to Article 30 of the directive coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors <sup>(6)</sup>. That article lays down that the directive does not apply to the awarding of contracts (or the holding of competitions) for carrying out an activity which, in the Member State in question, is 'directly exposed to competition on markets to which access is not restricted'.

Also, on 2 July the Commission adopted a communication on green public procurement <sup>(7)</sup>.

Work on the proposal for a directive on the award of public contracts in the field of defence and security <sup>(8)</sup> continued in the various institutions. On 16 December the two legislators reached a compromise which opens the door for adoption of the proposal at first reading early in 2009.

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<sup>(1)</sup> SEC(2008) 2193.

<sup>(2)</sup> Regulation (EC) No 213/2008 (OJ L 74, 15.3.2008).

<sup>(3)</sup> Decision 2008/963/EC (OJ L 349, 24.12.2008).

<sup>(4)</sup> Directives 2004/17/EC and 2004/18/EC (OJ L 134, 30.4.2004).

<sup>(5)</sup> Decisions 2008/383/EC (OJ L 132, 22.5.2008), 2008/585/EC (OJ L 188, 16.7.2008) and 2008/741/EC (OJ L 251, 19.9.2008). These concern, respectively, express and courier services in Italy, the production of electricity in Austria and the production and wholesale of electricity in Poland. Two decisions adopted in December relate to certain postal services in Sweden and electricity generation in the Czech Republic.

<sup>(6)</sup> Directive 2004/17/EC (OJ L 134, 30.4.2004).

<sup>(7)</sup> See 'Environmental instruments' in Chapter III, Section 2, 'Environment', of this Report.

<sup>(8)</sup> COM(2007) 766 (OJ C 106, 26.4.2008).



## **Information on the internal market**

On 8 May the Commission adopted the single market assistance services (SMAS) action plan <sup>(1)</sup> for making more comprehensible and effective the range of assistance and information services provided for individuals and businesses in the internal market (such as Solvit, Citizens Signpost Service, Your Europe, the Enterprise Europe network, Europe Direct, European consumer centres and EURES).

## **Consumer policy**

The Commission presented several proposals in 2008 in relation to the strategy on consumer policy.

On 29 January it adopted a communication 'Monitoring consumer outcomes in the single market: The consumer markets scoreboard' <sup>(2)</sup>. An annual consumer markets scoreboard to track the performance of the internal market from the point of view of its economic and social benefits for consumers will produce a data set from which it will be possible to identify which parts of the internal market are working badly for consumers and where deeper analysis is required.

On 8 October the Commission adopted a proposal for a directive on consumer rights <sup>(3)</sup>. Resulting from the simplification and amalgamation of four existing consumer rights directives <sup>(4)</sup>, this is intended to facilitate consumers' purchases on the Internet. It aims both to improve confidence levels among consumers and to streamline the administrative formalities that restrict businesses to national borders, thus depriving consumers of a wider choice and competing offers.

Also, on 27 November the Commission adopted a Green Paper on consumer collective redress <sup>(5)</sup>, which aims to facilitate redress in situations where the rights of a large number of consumers have been violated by an infringement committed by the same trader. The Green Paper presents a review of the obstacles facing consumers seeking redress, as well as various solutions designed to remedy the deficiencies found. On 14 February the European Economic and Social Committee adopted an own-initiative opinion <sup>(6)</sup> calling for a thorough examination of the role and legal framework of collective actions, particularly in the context of Community consumer law, with a view to proposing permanent initiatives.

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<sup>(1)</sup> SEC(2008) 1882.

<sup>(2)</sup> COM(2008) 31 (OJ C 207, 14.8.2008).

<sup>(3)</sup> COM(2008) 614.

<sup>(4)</sup> Directives 85/577/EEC (OJ L 372, 31.12.1985), 93/13/EEC (OJ L 95, 21.4.1993), 97/7/EC (OJ L 144, 4.6.1997) and 1999/44/EC (OJ L 171, 7.7.1999).

<sup>(5)</sup> COM(2008) 794.

<sup>(6)</sup> OJ C 162, 25.6.2008.

Where the rights of passengers in bus and coach transport are concerned, on 4 December the Commission presented a proposal for a regulation <sup>(1)</sup> relating in particular to the minimum amount of information to be given to all passengers, assistance and compensation in the event of interruptions of journeys, measures in the event of delays, and specific assistance for people with reduced mobility.

On 23 April the European Parliament and the Council adopted a directive <sup>(2)</sup> aimed at promoting the establishment and operation of the internal market in the field of consumer credit and securing a high level of protection for consumers throughout the Community. The directive will cover personal loans of between EUR 200 and EUR 75 000. It will not apply to mortgages.

## **Innovation and enterprise policy**

### ***Innovation***

The 2007 edition of the European innovation scoreboard (published on 15 October) shows the European Union catching up gradually with the United States and Japan when it comes to innovation performance.

Progress was made in 2008 on implementing the EU's broad-based innovation strategy <sup>(3)</sup>. In the field of cluster policy, on 17 October the Commission adopted a communication 'Towards world-class clusters in the European Union: Implementing the broad-based innovation strategy' <sup>(4)</sup>. The communication sets out a number of specific measures to encourage the formation of these clusters.

The Council meeting of 29 and 30 May stressed the need, in implementing the innovation strategy, to maintain a degree of flexibility in order to respond to changes in the environment and to move increasingly to innovation geared to demand and to users. It underlined the central role that innovation plays in Europe's ability to face up effectively to the challenges, and take advantage of the opportunities, of the global economy. It also welcomed the initiative on lead markets for Europe and called on the Commission and the Member States to take coordinated measures as a matter of urgency.

On cross-border investments of venture capital, the Council asked the Commission and the Member States to make progress towards the mutual recognition of national venture capital frameworks. In response, the Commission organised meetings with national

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<sup>(1)</sup> COM(2008) 817.

<sup>(2)</sup> Directive 2008/48/EC (OJ L 133, 22.5.2008).

<sup>(3)</sup> COM(2006) 502.

<sup>(4)</sup> COM(2008) 652.

experts, the industry and academics, and in 2009 it will publish a report on the progress that has been made.

In its conclusions of 1 December on the 'small business act' (see below), the Council stressed the need to strengthen cross-border venture capital investments. It also recommended facilitating further integration of the European market by a Community private placement regime based on the findings of the Commission's preliminary impact assessment.

On 16 December the European Parliament and the Council adopted a decision designating 2009 as the European Year of Creativity and Innovation <sup>(1)</sup>.

### ***Small and medium-sized enterprises***

In its spring session, the European Council welcomed the progress achieved in 2007 on improving the legislation and concluded that continued efforts should be made to give a decisive boost to the competitiveness of EU businesses, and small and medium-sized enterprises in particular.

Accordingly, the Commission proposed establishing a political partnership between the European Union and its Member States in line with the desire to acknowledge the central role of SMEs in the EU's economy. In its communication of 25 June, 'A "small business act" for Europe' <sup>(2)</sup>, it put forward an initiative in favour of small and medium-sized enterprises in Europe based on 10 key principles and a set of strategic measures. This aims to improve the overall policy approach on entrepreneurship, to ensure that the 'think small first' principle is firmly embedded in policymaking (be it in terms of regulation or services provided by administrations) and to encourage SMEs to grow by helping them address problems inhibiting their development. In its conclusions of 1 December, the Council adopted the action plan for a small business act for Europe.

Also, as part of the Commission's integrated policy for promoting entrepreneurship, January saw the launch of the Enterprise Europe network, the aim of which is to give European SMEs assistance in respect of Community policies, innovation and technology transfer. The network provides businesses with integrated support services and support for innovation thanks to over 550 partners in 44 countries. A large number of third countries are taking part in the network as full or associate members. For maximum effectiveness, the Executive Agency for Competitiveness and Innovation, operational since 1 January 2008, has been entrusted with managing the network.

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<sup>(1)</sup> Decision No 1350/2008/EC (OJ L 348, 24.12.2008). See 'European Year of Creativity and Innovation' in Chapter II, Section 2, 'Education and training', of this Report.

<sup>(2)</sup> COM(2008) 394.

To support SMEs that are active in the field of research and development <sup>(1)</sup>, on 9 July the European Parliament and the Council adopted a decision establishing the ‘Eurostars’ joint programme <sup>(2)</sup>. This is aimed at SMEs developing technologies, production processes and advanced services in their field, and those carrying out market-based research in the context of transnational projects.

For its part, on 9 July the European Economic and Social Committee presented an opinion on various policy measures, apart from appropriate financing, that could contribute to the growth and development of small and medium-sized enterprises.

In an initial response to the financial crisis, the European Investment Bank decided to free up EUR 30 billion in assistance for European SMEs.

On 7 November the Commission adopted a report on the use of the financial instruments of the multiannual programme for enterprise and entrepreneurship, and in particular for SMEs, in 2001–06 <sup>(3)</sup>.

In the field of statistics, on 16 December the European Parliament and the Council adopted a decision on a programme for the modernisation of European enterprise and trade statistics (MEETS) <sup>(4)</sup>, to give the EU access to statistics accurately reflecting current developments and provide quality and timely statistical information on structural changes in Europe’s economy in general and as they affect business.

### ***Industrial policy***

On 16 July the Commission presented an action plan on sustainable consumption and production and sustainable industrial policy <sup>(5)</sup>. The aim is to speed up the transition to a sustainable economy whilst strengthening businesses’ competitiveness. The action plan complements existing policies on energy use and the environment, in particular the energy and climate package adopted by the Commission in January <sup>(6)</sup>.

The core of the action plan is a dynamic framework to improve the energy and environmental performance of products and foster their uptake by consumers. This will be further supported and amplified by actions to achieve leaner production and address the international aspects. As regards industrial policy specifically, the action plan seeks to develop specific initiatives for the environmental industries and to promote sectoral approaches in international climate negotiations to be part of a comprehensive international climate change agreement for the period after 2012.

<sup>(1)</sup> See ‘Creating the European research area’ in Chapter II, Section 2, ‘Research’, of this Report.

<sup>(2)</sup> Decision No 743/2008/EC (OJ L 201, 30.7.2008).

<sup>(3)</sup> COM(2008) 708.

<sup>(4)</sup> Decision No 1297/2008/EC (OJ L 340, 19.12.2008).

<sup>(5)</sup> COM(2008) 397.

<sup>(6)</sup> See ‘Climate change’ in Chapter III, Section 2, ‘Environment’, of this Report.

Accompanying the action plan is a proposal to amend the ecodesign directive <sup>(1)</sup>, which establishes a framework for the setting of ecodesign requirements for energy-using products, by extending its scope to other energy-related products. On 21 October the Commission adopted a communication on the establishment of the working plan for 2009–11 under the ecodesign directive <sup>(2)</sup>, which is based on the environmental priorities and the work accomplished since mid-2005 for the priority product groups. Also, on 13 November the Commission presented a proposal <sup>(3)</sup> on extending the scope of the energy labelling directive <sup>(4)</sup> to cover consumer energy products and other energy-related products, so bringing it into line with the new scope of the ecodesign directive.

Other elements of July's action plan include the revision of regulations on the eco-label and the Community eco-management and audit scheme (EMAS), and a communication on green public procurement <sup>(5)</sup>.

### **Standardisation**

On 11 March the Commission adopted a communication 'Towards an increased contribution from standardisation to innovation in Europe' <sup>(6)</sup>. This identifies the most important challenges to be taken on, presents concrete objectives for standardisation and the use of standards, and summarises ongoing efforts and proposed measures to be taken both by relevant stakeholders and by the Commission.

On the same day, again in the area of standardisation, the European Parliament and the Council adopted several directives <sup>(7)</sup> and regulations <sup>(8)</sup> to bring various fields into line with the regulatory procedure with scrutiny (RPS).

The Council meeting of 25 and 26 September also stressed the importance of standardisation in encouraging innovation in sectors such as services, sustainable industrial policy, lead markets, public procurement, information and communication technology (ICT) and better regulation. It called on those involved in standardisation in Europe to press on with the reform process so as to improve effectiveness and visibility.

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<sup>(1)</sup> COM(2008) 399.

<sup>(2)</sup> COM(2008) 660.

<sup>(3)</sup> COM(2008) 778. See 'Energy and sustainable development' in Chapter II, Section 2, 'Energy', of this Report.

<sup>(4)</sup> Directive 92/75/EEC (OJ L 297, 13.10.1992).

<sup>(5)</sup> See 'Environmental instruments' in Chapter III, Section 2, 'Environment', of this Report.

<sup>(6)</sup> COM(2008) 133 (OJ C 202, 8.8.2008).

<sup>(7)</sup> OJ L 76, 19.3.2008 and OJ L 81, 20.3.2008.

<sup>(8)</sup> OJ L 97, 9.4.2008.

## **Industry and services**

### **Primary industry**

On 12 August the Commission adopted its first monitoring report on steel restructuring in Bulgaria and Romania <sup>(1)</sup>. It concluded that the facilities in these countries are being modernised, but that there are still delays.

It also adopted, on 4 November, a communication 'The raw materials initiative — Meeting our critical needs for growth and jobs in Europe' <sup>(2)</sup>, which assesses the risks to the security of supply to European businesses of non-energy raw materials and puts forward an integrated strategy for addressing the complex challenges without delay.

### **Automotive industry**

On 23 May the Commission adopted a proposal for a regulation on type-approval requirements for the general safety of motor vehicles <sup>(3)</sup>. The objective of the proposal is to lay down harmonised rules on the construction of motor vehicles with a view to ensuring the functioning of the internal market while at the same time providing for a high level of safety and environmental protection.

As regards overall type-approval arrangements for motor vehicles, work to modernise the legislation continued in 2008 with the updating of several annexes to the framework directive <sup>(4)</sup>.

### **Capital goods industry**

On 23 May, seeking to improve the functioning of the internal market for construction products, the Commission made a proposal to replace the directive on such products <sup>(5)</sup> with a new regulation <sup>(6)</sup>, aimed at removing the last regulatory and technical obstacles to the free movement of construction products within the European Economic Area.

In application of the Community strategy on the sustainable use of pesticides <sup>(7)</sup>, on 5 September the Commission made a proposal for amending the directive on machin-

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<sup>(1)</sup> COM(2008) 511.

<sup>(2)</sup> COM(2008) 699.

<sup>(3)</sup> COM(2008) 316.

<sup>(4)</sup> Regulation (EC) No 1060/2008 (OJ L 292, 31.10.2008).

<sup>(5)</sup> Directive 89/106/EEC (OJ L 40, 11.2.1989).

<sup>(6)</sup> COM(2008) 311 (OJ C 10, 15.1.2009).

<sup>(7)</sup> COM(2006) 372.

ery <sup>(1)</sup> by introducing requirements in the design and construction of new equipment for applying pesticide <sup>(2)</sup>.

## **Cosmetics**

On 5 February the Commission adopted a proposal for a regulation <sup>(3)</sup> to simplify the directive on cosmetic products <sup>(4)</sup>. The proposal seeks to improve product safety whilst at the same time reducing costs to business.

## **Pharmaceutical products**

On 2 October the work of the Pharmaceuticals Forum — set up in 2005 to meet the challenge of ensuring high levels of public health and innovation in the sector — culminated in the adoption of conclusions and recommendations <sup>(5)</sup>. The forum focused on questions surrounding the information given to patients on ailments and how they are treated, establishing the prices of medicines and their relative effectiveness.

On 10 December the Commission adopted a pharmaceuticals package consisting of a communication on the future of the sector in Europe and three legislative proposals. The communication <sup>(6)</sup> highlights the main challenges to be taken on, sets out a clear strategy for the development of the sector and proposes a number of specific measures for the coming years.

The first legislative proposal is aimed at further improving patient safety by strengthening the pharmacovigilance system <sup>(7)</sup>. The second <sup>(8)</sup> involves harmonising the ways in which information is passed on to patients and thus allowing citizens to take better-informed decisions on matters concerning their own health. The third and last proposal <sup>(9)</sup>, intended to protect Europeans against the risks associated with counterfeit medicines, puts forward measures to tighten requirements applying to the manufacture, import and distribution of medicines and so ensure a more transparent, unbroken distribution chain.

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<sup>(1)</sup> Directive 2006/42/EC (OJ L 157, 9.6.2006).

<sup>(2)</sup> COM(2008) 535.

<sup>(3)</sup> COM(2008) 49.

<sup>(4)</sup> Directive 76/768/EEC (OJ L 262, 27.9.1976).

<sup>(5)</sup> IP/08/1451.

<sup>(6)</sup> COM(2008) 666.

<sup>(7)</sup> COM(2008) 664 and COM(2008) 665.

<sup>(8)</sup> COM(2008) 662 and COM(2008) 663.

<sup>(9)</sup> COM(2008) 668.

## **Space policy**

On 11 September the Commission adopted a progress report on European space policy <sup>(1)</sup>. This report, produced jointly with the European Space Agency, describes the significant progress made in the areas covered by European space policy in 2007. It identifies next steps to be taken or issues to be looked into. It also posits elements of a common European strategy on international space relations.

On 26 September the Council adopted a resolution underlining the importance of stronger coordination between the European Community and the European Space Agency on development programmes, especially as regards the space technology that is essential to Europe's strategic non-dependence. On the same occasion, the Council reiterated that swift implementation of the Galileo and GMES (global monitoring for environment and security) programmes remained the top priority <sup>(2)</sup>.

On 12 November the Commission adopted a communication on global monitoring for environment and security <sup>(3)</sup> addressing issues of governance and financing that require clarification to guarantee that GMES can be implemented within a reasonable time-frame. In its session of 2 December, the Council in turn adopted conclusions supporting the Commission's proposals and suggesting a series of measures for 2009.

## **Competitiveness in the key sectors**

Under its integrated approach to industrial policy, the Commission presented various recommendations in 2008 for improving competitiveness in certain sectors.

- In a communication dated 22 February it examined the key factors influencing competitiveness of the metals industries <sup>(4)</sup>. It showed how the Commission, the Member States and the sector itself can help to preserve and bolster competitiveness in the future whilst also contributing to the targets for reducing greenhouse gas emissions between now and 2020.
- On 27 February the Commission adopted a communication on innovative and sustainable forest-based industries in the EU <sup>(5)</sup> proposing actions designed to complement the forest action plan and its objective of improving the long-term competitiveness of the forest-based sector.

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<sup>(1)</sup> COM(2008) 561.

<sup>(2)</sup> See 'EGNOS and Galileo' in Chapter II, Section 2, 'Transport', of this Report.

<sup>(3)</sup> COM(2008) 748.

<sup>(4)</sup> COM(2008) 108 (OJ C 207, 14.8.2008).

<sup>(5)</sup> COM(2008) 113 (OJ C 207, 14.8.2008).



In addition, on 28 November the Commission adopted a communication <sup>(1)</sup> setting out the conclusions and key messages of the 2008 European competitiveness report <sup>(2)</sup>. The report underlines the need for Europe further to strengthen its ability to adapt to external shocks by maintaining the impetus of the strategy for growth and jobs, and to encourage competitiveness.

## Research

### *Creating the European research area*

On 2 April the results of the public consultation on new perspectives for the European research area (launched through a Green Paper in April 2007 <sup>(3)</sup>) were presented in a Commission working document <sup>(4)</sup>: career and mobility, international cooperation, re-research infrastructure, joint programming and knowledge-sharing are the main concerns of those involved in European research.

By way of follow-up to the results of this consultation, the Commission adopted five new initiatives in the course of the year:

- a recommendation on the management of intellectual property by public research bodies (10 April) <sup>(5)</sup>;
- a communication seeking to promote mobility and the careers of European researchers 'Better careers and more mobility: A European partnership for researchers' <sup>(6)</sup>; in it the Commission presents a framework of coherent and focused action to be taken at regional, national and Community levels to secure the human resources needed to create a dynamic, knowledge-based European economy (23 May);
- a proposal for a regulation on the Community legal framework for a European re-research infrastructure (ERI) <sup>(7)</sup>; this is designed to facilitate the joint establishment and operation of research facilities of European interest among several Member States and associated countries under the Community framework programme for research and development, and to help develop European policy for research infrastructures (15 July); in this context, on 9 December the Commission approved the creation of 10 new pan-European research infrastructures in priority areas such as infectious

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<sup>(1)</sup> COM(2008) 774.

<sup>(2)</sup> SEC(2008) 2853.

<sup>(3)</sup> COM(2007) 161 (OJ C 181, 3.8.2007).

<sup>(4)</sup> SEC(2008) 430.

<sup>(5)</sup> Recommendation 2008/416/EC (OJ L 146, 5.6.2008).

<sup>(6)</sup> COM(2008) 317. See 'Mobility of workers and free movement of knowledge' in Chapter III, Section 1, 'Social dimension', of this Report.

<sup>(7)</sup> COM(2008) 467.

diseases, the management of carbon dioxide, forecasting natural disasters and space observation <sup>(1)</sup>;

- a communication 'Towards joint programming in research: Working together to tackle common challenges more effectively' <sup>(2)</sup> (25 July); joint programming involves Member States developing common perspectives and strategic research agendas in order to address very clear societal issues; and
- an initiative presenting a European strategic framework for international scientific and technological cooperation (24 September) <sup>(3)</sup>, the aim of which is to contribute to sustainable development worldwide while making Europe more competitive in the field of science and technology; the Commission invites the Member States to work together to identify priority areas for research and technology and to pursue those priorities in a coherent manner.

On 7 February the Commission adopted a recommendation on a code of conduct for responsible nanosciences and nanotechnologies research <sup>(4)</sup>.

### ***Seventh research framework programme***

The 2009 work programmes for the five specific programmes 'Ideas', 'Cooperation', 'People', 'Capacities' and 'Euratom' were adopted in July and August <sup>(5)</sup>.

On 18 July the Commission adopted a report on the European Research Council operations and realisation of the objectives in the specific programme 'Ideas' in 2007 <sup>(6)</sup>. On 18 August, it adopted the annual report on research and technological development (RTD) activities of the EU in 2007 <sup>(7)</sup>.

Apart from this, particular attention was paid to a number of key topics, which included energy, climate change and maritime policy.

As regards energy and climate change, the following action was taken.

- The Council approved the setting-up of the Fuel Cells and Hydrogen Joint Undertaking <sup>(8)</sup>, which is aimed at coordinating research efforts by providing a framework encouraging European companies to work together and with those involved in the field of fuel cells and hydrogen (30 May);

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<sup>(1)</sup> IP/08/1913.

<sup>(2)</sup> COM(2008) 468.

<sup>(3)</sup> COM(2008) 588.

<sup>(4)</sup> Recommendation 2008/345/EC (OJ L 116, 30.4.2008).

<sup>(5)</sup> Ideas: C(2008) 3673; Cooperation: C(2008) 4598; People: C(2008) 4483; Capacities: C(2008) 4566; and Euratom: C(2008) 4522.

<sup>(6)</sup> COM(2008) 473.

<sup>(7)</sup> COM(2008) 519.

<sup>(8)</sup> Regulation (EC) No 521/2008 (OJ L 153, 12.6.2008).

- Subsequently, the Commission, industry and the European research community announced that between them they would invest, over a six-year period, almost EUR 1 billion in research, technological development and demonstration relating to fuel cells and hydrogen (14 October);
- The European Parliament and the Council adopted two decisions <sup>(1)</sup> on the Community's participation in a research and development programme undertaken by several Member States (Article 169 of the EC Treaty): one aims at supporting SMEs performing research and development <sup>(2)</sup> and the other at enhancing the quality of life of older people through the use of new information and communication technologies <sup>(3)</sup> (9 July).

As for maritime policy, following its communication in 2007 on an integrated maritime policy for the European Union <sup>(4)</sup>, on 3 September the Commission adopted a European strategy for marine and maritime research <sup>(5)</sup> with a view to creating a coherent European research area in support of sustainable use of oceans and seas.

Turning to other areas, on 29 April the Council adopted a decision laying down the multiannual technical guidelines for the research programme of the Research Fund for Coal and Steel <sup>(6)</sup>.

Together with the Member States and the European Defence Agency, the Commission launched the European Security Research and Innovation Forum (ESRIF), whose remit is to identify research and innovation priorities for security at European level in the coming decades, including in the context of closer cooperation between the various national research programmes.

### ***International cooperation***

Having signed a memorandum of understanding with the Commission on 25 January, Montenegro is now an associate member of the EU's seventh framework programme for research, covering the period 2007–13 <sup>(7)</sup>. This means that, as from 2008, Montenegro nationals can take part in European research activities on the same basis and under the same conditions as bodies from EU Member States.

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<sup>(1)</sup> Decisions Nos 742/2008/EC and 743/2008/EC (OJ L 201, 30.7.2008).

<sup>(2)</sup> See 'Small and medium-sized enterprises' in Chapter II, Section 2, 'Innovation and enterprise policy', of this Report.

<sup>(3)</sup> See 'Use of information and communication technologies' in Chapter II, Section 2, 'Information society and the media', of this Report.

<sup>(4)</sup> COM(2007) 575 (OJ C 55, 28.2.2008).

<sup>(5)</sup> COM(2008) 534.

<sup>(6)</sup> Decision 2008/376/EC (OJ L 130, 20.5.2008).

<sup>(7)</sup> IP/08/89.

A scientific and technological cooperation agreement was signed with New Zealand <sup>(1)</sup> on 16 July.

On 29 September the Commission proposed renewing the scientific and technological cooperation agreement with the United States <sup>(2)</sup> and on 12 November that with Russia <sup>(3)</sup>.

As regards research and technology in the field of nuclear energy, an agreement for research and development cooperation on the peaceful uses of nuclear energy between the European Atomic Energy Community (Euratom) and China was signed by the Council on 24 April. The Council mandated the Commission to negotiate a similar agreement with the United States (4 November) <sup>(4)</sup>.

### ***Joint Research Centre***

The Joint Research Centre continued to contribute to Community policies throughout the year by making available its technical and scientific expertise.

The JRC's European forest-fire information system (EFFIS) enabled the Member States to monitor forest fires in Europe and organise a coordinated campaign against them.

Following the earthquake in China, the JRC provided the local authorities with post-disaster expertise in assessing damage, preparing reconstruction and avoiding risk.

The JRC took part in the work to set up the ACP Observatory for Sustainable Development, particularly in the area of techniques for monitoring and managing natural resources in the African, Caribbean and Pacific (ACP) countries.

It also contributed to a published report on the impact of climate change in Europe which identifies the most vulnerable regions and stresses the need to mitigate the impact of climate change and improve monitoring.

The JRC took part in a study on the current state of Europe's maritime surveillance systems intended to gauge existing and potential maritime threats and infringements, such as clandestine immigration.

In the context of the water framework directive <sup>(5)</sup>, more specifically with regard to evaluating the ecological quality of surface waters in Europe, the JRC organised a survey

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<sup>(1)</sup> IP/08/1159.

<sup>(2)</sup> COM(2008) 581.

<sup>(3)</sup> COM(2008) 728.

<sup>(4)</sup> COM(2008) 507.

<sup>(5)</sup> Directive 2000/60/EC (OJ L 327, 22.12.2000).

of industrial pollutants in Europe's water bodies. Details on the 35 substances that were identified and measured are set out in the resulting database.

In the area of the 'greening' of transport, the JRC took part in the process of revising the Eurovignette directive <sup>(1)</sup> by analysing various ways to build in the external costs of transport such as pollution, noise and climate change.

The JRC set up an interdisciplinary working group tasked with analysing the technical and socioeconomic aspects of biofuels. Taking a number of scenarios, this group is studying the possible impact on greenhouse gas emissions of policies promoting biofuel use. It forms part of the framework set up by the biofuels directive <sup>(2)</sup>, which provides for biofuels to have a 5.75 % market share by December 2010.

In 2008 the use of a marker that had been proposed by the JRC for the reliable identification of animal by-products became obligatory in the EU <sup>(3)</sup>. Such by-products, which are not for human consumption and which present various risks, must be identified separately during collection, handling and transportation.

The JRC organised the first global conference on the analysis of genetically modified organisms (GMOs). Discussions highlighted the need for rigorous controls capable of detecting GMOs in the environment and the food chain. Together with the European Food Safety Authority (EFSA), the JRC published a report on the effects of GMO crops on human health. The report assesses the potential impact in the short, medium and long term of consuming GMOs and products derived from them.

On nuclear safety, 2008 saw the JRC set up a European clearing house for analysing incidents at nuclear facilities in the EU and drawing up appropriate recommendations. The main aim of the initiative is to create a forum for communication between the regulatory bodies concerned, the Member States and the JRC.

The JRC also provided expert advice on non-identified nuclear materials to national authorities in Germany, the Netherlands and Slovakia, in particular.

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<sup>(1)</sup> Directive 1999/62/EC (OJ L 187, 20.7.1999). See 'Transport and sustainable development' in Chapter II, Section 2, 'Transport', of this Report.

<sup>(2)</sup> Directive 2003/30/EC (OJ L 123, 17.5.2003).

<sup>(3)</sup> Regulation (EC) No 1432/2007 (OJ L 320, 6.12.2007).

## Information society and the media

### *Electronic communications policy and network security*

On 19 March the Commission presented its 13th progress report on the single European electronic communications market (2007) <sup>(1)</sup>. This focused on the main market developments and outstanding regulatory issues. On 25 September the Commission adopted a communication on the second periodic review of the scope of universal service in electronic communications networks and services <sup>(2)</sup>. This includes general reflections on the manner in which universal service could contribute to broader European objectives such as ensuring access to broadband provision.

On 24 September the European Parliament and the Council extended the mandate of the European Network and Information Security Agency by three years <sup>(3)</sup>. They called for continued reflection on European efforts to improve network and information security. In this vein, a public consultation was launched online in November.

The Commission made the following proposals with regard to the development and stability of the Internet:

- on 27 February a decision <sup>(4)</sup> establishing a multiannual Community programme (with a budget of EUR 55 million for a period of five years) on protecting children using the Internet and other communication technologies; the decision was adopted by the European Parliament and the Council on 16 December <sup>(5)</sup>;
- on 27 May a communication 'Advancing the Internet: Action plan for the deployment of Internet protocol version 6 (IPv6) in Europe' <sup>(6)</sup>, which encourages Internet users and access providers to adopt the most up-to-date Internet protocol in order to increase considerably the number of IP addresses; and
- on 29 September a communication on future networks and the Internet <sup>(7)</sup>, which focuses on creating an environment that is conducive to a dynamic and open Internet; this looks at issues currently under debate worldwide and presents them in a European context by re-examining the main challenges and the solutions that need to be implemented in order to meet them; the communication is accompanied by two documents on the 'Internet of things' and a statistical broadband index <sup>(8)</sup>; on the same issue, the Council recalled in its conclusions of 27 November that when it comes to very high-speed mobile networks, Europe's position is currently strong

<sup>(1)</sup> COM(2008) 153 (OJ C 202, 8.8.2008).

<sup>(2)</sup> COM(2008) 572.

<sup>(3)</sup> Regulation (EC) No 1007/2008 (OJ L 293, 31.10.2008).

<sup>(4)</sup> COM(2008) 106 (OJ C 202, 8.8.2008).

<sup>(5)</sup> Decision No 1351/2008/EC (OJ L 348, 24.12.2008).

<sup>(6)</sup> COM(2008) 313 (OJ C 10, 15.1.2009).

<sup>(7)</sup> COM(2008) 594.

<sup>(8)</sup> SEC(2008) 2507 and SEC(2008) 2516.

with respect to equipment and terminal manufacturers and first-tier operators, and that in such a context the development of very high-speed mobile broadband is a European growth vector.

Also, with a view to making the EU more competitive in the field of high-speed services and the Internet, and following the Commission's communication on the digital dividend <sup>(1)</sup>, the European Parliament on 24 September adopted a resolution 'Reaping the full benefits of the digital dividend in Europe: A common approach to the use of the spectrum released by the digital switchover'. A Commission report published on 28 November stresses in this connection that the penetration of broadband in Europe continues to improve, with gaps narrowing between Member States <sup>(2)</sup>.

On mobile satellite services (new platform for various types of pan-European telecommunications and broadcasting or multicasting services), on 30 June the European Parliament and the Council adopted a decision <sup>(3)</sup> geared to promoting the development of a competitive internal market for these services in the Community and ensuring that they gradually become available in all Member States.

On 23 September the Commission also proposed amending the regulation <sup>(4)</sup> on roaming on public mobile telephone networks within the Community <sup>(5)</sup>. This proposal was accompanied by a communication containing a summary of the outcome of the Commission's review of the functioning of the regulation and the main strategic changes it proposed, as well as an account of the results of a public consultation <sup>(6)</sup>. The aim is to guarantee that the price paid by users of public mobile telephone networks as they travel within the Community is not, as regards Community-wide roaming services, abnormally higher than what they would pay to make a call, send a text message or transfer data in their home country.

On 15 October the Commission adopted a recommendation <sup>(7)</sup> on rationalising the notification procedure for national regulators so as to lighten the administrative obligations applying to national regulatory bodies for telecommunications when they submit draft regulatory measures.

Also, on 6 November, in the context of the reform of the regulatory framework for electronic communication, the Commission adopted proposals that had been amended to take account of the vote in the European Parliament on 24 September and discussions in the Council <sup>(8)</sup>.

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<sup>(1)</sup> COM(2007) 700 (OJ C 55, 28.2.2008).

<sup>(2)</sup> IP/08/1831.

<sup>(3)</sup> Decision No 626/2008/EC (OJ L 172, 2.7.2008).

<sup>(4)</sup> Regulation (EC) No 717/2007 (OJ L 171, 29.6.2007).

<sup>(5)</sup> COM(2008) 580.

<sup>(6)</sup> COM(2008) 579.

<sup>(7)</sup> Recommendation 2008/850/EC (OJ L 301, 12.11.2008).

<sup>(8)</sup> COM(2008) 720, COM(2008) 723 and COM(2008) 724.

As part of its work to harmonise the spectrum for specific applications, the Commission tabled a proposal on 19 November for amending the GSM directive (rather than repealing it) by widening its scope to cover other standards <sup>(1)</sup>.

### ***Audiovisual policy and the MEDIA programme***

As regards the MEDIA programme, on 8 May the Commission presented its final assessment report on the implementation and results of the MEDIA Plus and MEDIA training programmes (2001–06) <sup>(2)</sup>. It found that the programmes had contributed effectively to improving skills, developing the European dimension of Europe's audiovisual output right from the preproduction stage, making the sector more competitive and stimulating the movement of works between countries.

The Commission's eighth report on the effectiveness of the rules on the promotion of European works for the 2005–06 period was adopted on 22 July <sup>(3)</sup>. It found that over 63 % of European broadcasters' scheduling was given over to European works and over 36 % to independent European producers.

Also, on 9 April the European Parliament adopted a declaration on subtitling for all programmes on public television in the EU, in which it called on the Commission to put forward a legislative proposal placing an obligation to this effect on all public TV networks.

On 25 September Parliament also adopted a resolution on concentration and pluralism in European media. Underpinning the resolution is a conviction that a pluralistic media sector is essential if the social and democratic model is to survive. It calls for competition law to be linked to media law so as to avoid conflicts of interest between the concentration of media ownership and political power. On the same day, Parliament adopted a resolution on community media in Europe in which the Member States are called upon to lend such media more support given their importance for pluralism in the media.

On 10 December the Commission adopted a communication <sup>(4)</sup> aimed at supporting the deployment of mobile TV in the EU by providing guidance on regulatory practice for the authorisation of such services at national level.

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<sup>(1)</sup> COM(2008) 762.

<sup>(2)</sup> COM(2008) 245.

<sup>(3)</sup> COM(2008) 481.

<sup>(4)</sup> COM(2008) 845.



### ***Use of information and communication technologies***

On this area in general, on 17 April the Commission presented its mid-term review of the i2010 initiative <sup>(1)</sup>. It confirmed the importance of the contribution of information society and media policies to the achievement of the Lisbon goals and made concrete proposals for reorienting the initiative so as better to promote competitiveness and the adoption of information and communication technology (ICT) in Europe.

On a similar note, on 13 May the Commission adopted a communication 'Addressing the challenge of energy efficiency through information and communication technologies' <sup>(2)</sup>. Here it set out the measures required if ICTs are to be at the centre of energy efficiency efforts and used to best advantage.

In other areas, on 3 January, following a public consultation exercise, the Commission also presented a communication <sup>(3)</sup> on creative online content in the single market. On 11 August it adopted a communication on progress achieved in the EU on digitisation and online accessibility of cultural material and digital preservation <sup>(4)</sup>. Europeana, the European digital online library, was launched on 20 November <sup>(5)</sup>. Europeana currently provides access to over 2 million books and other digital cultural objects from European countries' national libraries and cultural institutions.

As regards health, on 2 July the Commission adopted a recommendation <sup>(6)</sup> setting out the main measures required to give health professionals timely access, by the use of information technology, to the key medical information they need to treat patients usually treated in another Member State. On 4 November, the Commission adopted a communication on telemedicine for the benefit of patients, healthcare systems and society <sup>(7)</sup>. This presents measures to be taken to develop the use of telemedicine in the interests of patients and European citizens, healthcare systems and Europe's economy.

Seeking to enhance the quality of life of older people by using ICTs, the European Parliament and the Council adopted, on 9 July, a decision <sup>(8)</sup> establishing the 'ambient assisted living' joint programme. This provides the legal and organisational framework for a major European programme on applied research and innovation in the field of ICTs for growing old gracefully in the information society <sup>(9)</sup>.

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<sup>(1)</sup> COM(2008) 199 (OJ C 202, 8.8.2008).

<sup>(2)</sup> COM(2008) 241.

<sup>(3)</sup> COM(2007) 836 (OJ C 106, 26.4.2008).

<sup>(4)</sup> COM(2008) 513.

<sup>(5)</sup> IP/08/1747.

<sup>(6)</sup> Recommendation 2008/594/EC (OJ L 190, 18.7.2008).

<sup>(7)</sup> COM(2008) 689.

<sup>(8)</sup> Decision No 742/2008/EC (OJ L 201, 30.7.2008).

<sup>(9)</sup> See 'Creating the European research area' in Chapter II, Section 2, 'Research', of this Report.

In addition, on 1 December the Commission adopted a communication 'Towards an accessible information society' <sup>(1)</sup> with the aim of guaranteeing e-accessibility, i.e. providing the opportunity to overcome the technical barriers and difficulties that people with disabilities, including many elderly people, experience when trying to participate on equal terms in the information society.

Also, on 4 September the Commission presented the results of the evaluation of the 'Information society technologies (IST)' thematic priority in the sixth framework programme for research, technological development and demonstration <sup>(2)</sup>. The evaluation concluded that investment in European ICT research had been effective in achieving its objectives. It also highlighted a number of options for creating a more receptive environment for the innovation stemming from ICT research.

On 29 September the Commission adopted a proposal for a decision on interoperability solutions for European public administrations (ISA) <sup>(3)</sup>. The ISA programme will help to set up the organisational, financial and operational framework for efficient, and effective, electronic interaction across borders and sectors between European public administrations.

On 28 November the Commission adopted an action plan for establishing a Europe-wide solution for the cross-border use of online public services, proposing an overall approach and shorter deadlines <sup>(4)</sup>.

As an administration itself, throughout 2008 the Commission continued to implement its 'e-Commission 2006–10' strategy, seeking to make itself more effective, more efficient and more transparent, and to improve the quality of its services through the best possible use of ICT in the interests of citizens, businesses and partner administrations.

In the field of statistics, on 30 October the Commission adopted a proposal for a regulation on Community statistics on the information society <sup>(5)</sup> aimed in particular at providing annual statistical data on the use of ICT in businesses and households.

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<sup>(1)</sup> COM(2008) 804.

<sup>(2)</sup> COM(2008) 533.

<sup>(3)</sup> COM(2008) 583.

<sup>(4)</sup> COM(2008) 798.

<sup>(5)</sup> COM(2008) 677.

## Education and training

### *Lifelong learning*

On 14 February the Council adopted the third joint progress report on the implementation of the 'Education and training 2010 work programme — Delivering lifelong learning for knowledge, creativity and innovation', evaluating the contribution made by education to the Lisbon process <sup>(1)</sup>. The report presents an overview of progress achieved and highlights areas in which a particular effort is required (such as raising general skill levels, implementing strategies for lifelong education and training and reinforcing the knowledge triangle of education, research and innovation). It also stresses that the low level of participation in adult education and training by older workers and the less-qualified remains a major problem.

Following the report, the Council adopted conclusions <sup>(2)</sup> on 22 May which recognised the decisive role that adult education and training can have in achieving the Lisbon strategy objectives. Attached to the conclusions were proposals for concrete measures for the period 2008–10, some of which would be taken by the Commission with the cooperation of the Member States and others by the Member States with support from the Commission.

In addition, as part of the package of measures on the Lisbon strategy, on 16 December the Commission adopted a communication 'An updated strategic framework for European cooperation in education and training' <sup>(3)</sup>, in which it identifies both immediate priorities for 2009–10 and long-term strategic challenges with a view to delivering the high levels of sustainable, knowledge-based growth and jobs that are at the heart of the Lisbon strategy.

On 22 May the Council also adopted conclusions on promoting creativity and innovation in education and training. The conclusions recognise that creativity and the capacity to innovate are fundamental for sustainable economic and social development in Europe and propose paying more attention to them in the context of future European cooperation in the field of education <sup>(4)</sup>.

The European Parliament, for its part, adopted a resolution on 16 January encouraging the Member States to promote the acquisition of knowledge and foster a culture of lifelong education and training.

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<sup>(1)</sup> OJ C 86, 5.4.2008.

<sup>(2)</sup> OJ C 140, 6.6.2008.

<sup>(3)</sup> COM(2008) 865. See Chapter II, Section 1, 'The Lisbon strategy: a partnership for growth and employment', of this Report.

<sup>(4)</sup> OJ C 141, 7.6.2008.

On 23 April, to encourage use of the open method of coordination in the field of education and training, the European Parliament and the Council adopted a regulation on the production and development of statistics on education and lifelong learning <sup>(1)</sup>. This provides the broader legal framework required to guarantee the production of statistics covering all current and prospective activities in this area.

The European qualifications framework (EQF) for lifelong learning was approved by the European Parliament and the Council on 23 April <sup>(2)</sup>. The idea of the EQF is to improve mobility by making qualifications obtained in all areas of education across the EU more transparent. On 3 and 4 June the first conference on the application of the new instrument was held in Brussels.

On 3 July, as part of the renewed social agenda <sup>(3)</sup>, the Commission presented a communication on schools <sup>(4)</sup> intended to support Member States' efforts to improve the quality of their education systems and meet objectives with respect to the numbers of young people dropping out of school, reading and writing skills, continuing with secondary education and preparing young people for lifelong education and training. The communication put forward an agenda for cooperation in three areas: giving all pupils the competences they need for life, a commitment to providing high-quality learning for every student and improving the quality of teachers and school staff.

The same day, in its Green Paper 'Migration and mobility: Challenges for EU education systems' <sup>(5)</sup>, the Commission launched a debate on challenges to education systems arising from immigration. This is intended to encourage the exchange of information and experiences on an issue that has significant implications for Member States' educational systems. The consultation period was set to last until 31 December.

On 23 September the European Parliament adopted a resolution on the Bologna process and student mobility. It emphasised that a whole series of horizontal measures was needed to encourage student mobility as the issues went beyond the narrow context of higher education as such and also affected social affairs, finance, immigration and visa policy.

On the same day Parliament made a statement on raising the quality of teacher training, which in its view was a way of achieving real improvements in students' results.

On 3 November the Commission launched the Comenius Regio partnerships, a new measure under the lifelong learning programme <sup>(6)</sup>.

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<sup>(1)</sup> Regulation (EC) No 452/2008 (OJ L 145, 4.6.2008).

<sup>(2)</sup> OJ C 111, 6.5.2008.

<sup>(3)</sup> See 'Renewed social agenda' in Chapter III, Section 1, 'Social dimension', of this Report.

<sup>(4)</sup> COM(2008) 425.

<sup>(5)</sup> COM(2008) 423.

<sup>(6)</sup> IP/08/1621.

### ***Education and vocational training***

In the field of education and vocational training, on 9 April the Commission adopted two recommendations on establishing:

- a European quality assurance reference framework for vocational education and training <sup>(1)</sup>: this is an instrument to help Member States to promote and monitor continuous improvement of their vocational education and training systems based on common European references; and
- a European credit system for vocational education and training <sup>(2)</sup>: this aims to facilitate the transfer and the recognition of studies undertaken in the past by people moving from one system of qualifications to another, or one course of study to another, in order to obtain a certain qualification.

Also, on 22 October the European Parliament and the Council adopted a decision on the comparability of vocational training qualifications between the Member States of the European Union <sup>(3)</sup>.

Over the year, the Commission presented several evaluation reports on initiatives in the field of education and vocational training. These included a report on the Community's action programme to promote bodies active at European level and support specific activities in the field of education and training <sup>(4)</sup> (on 5 June) and one on the external evaluation of the European Centre for the Development of Vocational Training <sup>(5)</sup> (on 13 June). On 4 July the Commission presented a first evaluation of the Europass initiative <sup>(6)</sup> in which it concluded that the initiative was achieving its objectives as a mobility tool for citizens and was relevant to their needs, helping them to make their competences and qualifications easier to understand and more acceptable both in learning contexts and the labour market.

On 30 October the Commission adopted a report on modernising universities for Europe's competitiveness in a global knowledge economy <sup>(7)</sup>.

### ***European Institute of Innovation and Technology***

On 11 March the European Parliament and the Council adopted the regulation establishing the European Institute of Innovation and Technology <sup>(8)</sup>, the task of which is to

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<sup>(1)</sup> COM(2008) 179 (OJ C 202, 8.8.2008).

<sup>(2)</sup> COM(2008) 180 (OJ C 202, 8.8.2008).

<sup>(3)</sup> Decision No 1065/2008/EC (OJ L 288, 30.10.2008).

<sup>(4)</sup> COM(2008) 337 (OJ C 10, 15.1.2009).

<sup>(5)</sup> COM(2008) 356 (OJ C 10, 15.1.2009).

<sup>(6)</sup> COM(2008) 427.

<sup>(7)</sup> COM(2008) 680.

<sup>(8)</sup> Regulation (EC) No 294/2008 (OJ L 97, 9.4.2008).

strengthen innovation capacity in the Community and in the Member States by bringing together top players (higher education, research, business and entrepreneurs) in the knowledge triangle. On 18 June, the city of Budapest was chosen as the site for the institute. The first governing board of the EIT was officially appointed on 30 July following a two-phase public consultation exercise (in March and April) and three plenary sessions were held in the course of the year.

### ***Multilingualism***

On 22 May the Council adopted conclusions on multilingualism <sup>(1)</sup>. It asked the Commission to draw up proposals before the end of 2008 on a comprehensive action framework for multilingualism.

In response, on 18 September the Commission adopted a communication 'Multilingualism: An asset for Europe and a shared commitment' <sup>(2)</sup>, which sets out a horizontal strategic framework for multilingualism which is rooted in the renewed social agenda. This provides for a number of initiatives to promote multilingualism, including some involving third countries, and recommends cooperation with the Member States in this area through the open method of coordination. It is accompanied by a Commission staff working paper listing Community action on multilingualism.

The strategic thrust of the communication was endorsed by the Council in the resolution on a European multilingualism strategy which it adopted on 21 November and which highlights in particular the importance of translation for the distribution of works of culture.

### ***International cooperation***

The Commission continued to implement the first phase of the Erasmus Mundus programme (2004–08), which entered its fifth and final year, and to negotiate the second phase of the programme, which should come into force in 2009 and last until 2013. The first phase saw support for 103 joint masters programmes and over 7 000 grants given to students and teachers from non-EU countries.

Cooperation with industrialised countries in the field of higher education and vocational training was reinforced with the launching of 35 new joint projects (including 16 with the United States, five with Canada, four with Australia, three with South Korea, two with Japan and one with New Zealand). The projects are co-financed with the partner countries and will enable at least 1 600 students to study in the partner countries for half

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<sup>(1)</sup> OJ C 140, 6.6.2008.

<sup>(2)</sup> COM(2008) 566.

an academic year and, in the case of the programme with the United States, to obtain double diplomas.

Other joint declarations on the launch of sectoral political dialogues in the field of education and training were signed with Israel in July and with India in November.

A China–EU language exchange programme, sponsored by the Chinese government, was officially launched in Brussels in June.

### ***European Year of Creativity and Innovation (2009) <sup>(1)</sup>***

On 16 December the European Parliament and the Council adopted a decision designating 2009 as the European Year of Creativity and Innovation <sup>(2)</sup>. The overall objective of the Year is to promote creativity for all as a driver for innovation and as a key factor for the development of personal, occupational, entrepreneurial and social competences through lifelong learning. Activities will be based on existing Community programmes, in particular the 2007–13 lifelong learning programme and the 2007–13 Culture programme, as well as other programmes and initiatives covered by the priorities set for each instrument for the period including 2009.

## **Transport**

### ***Transport and sustainable development***

On 11 March the European Parliament adopted a resolution on a sustainable European transport policy. Parliament made proposals in the areas of road, rail, air and sea transport and called on the Commission and the Member States to increase research investment in order to foster the emergence of technology offering greater energy efficiency and lower carbon dioxide emissions.

On 13 February the European Economic and Social Committee adopted an exploratory opinion on the energy mix in transport <sup>(3)</sup>. It expressed its conviction that the future of transport has to lie in the progressive decarbonisation of fuels, and should achieve zero emissions.

On a more specific note, on 11 January the Commission presented its 'Agenda for sustainable future in general and business aviation' <sup>(4)</sup>. This addresses issues such as compiling a set of basic data, adhering to the principles of proportionality and subsidiarity,

<sup>(1)</sup> See 'Innovation' in Chapter II, Section 2, 'Innovation and enterprise policy', of this Report.

<sup>(2)</sup> Decision No 1350/2008/EC (OJ L 348, 24.12.2008).

<sup>(3)</sup> OJ C 162, 25.6.2008.

<sup>(4)</sup> COM(2007) 869 (OJ C 106, 26.4.2008).

promoting new technology, facilitating access to international markets and meeting environmental challenges.

On 8 July, with a view to promoting the environmental viability of the sector, the Commission adopted a package of measures for more sustainable transport. The package comprised:

- an umbrella communication on ‘greening’ transport <sup>(1)</sup>, calling for more of the costs of transport to be borne by transport users through realistic pricing, in order to reduce the negative impact of transport in terms, in particular, of accidents, traffic congestion, environmental damage and noise pollution;
- a communication on the abatement of rail noise from the existing fleet <sup>(2)</sup>, which contains measures that would cut by half the level of noise from freight trains (e.g. retrofitting freight wagons with low-noise brake blocks);
- a communication on the internalisation of the external costs of transport <sup>(3)</sup>, which includes a model for quantifying (congestion, pollution, etc.) costs that could be used to calculate infrastructure charges; and
- a proposal for revising the Eurovignette directive <sup>(4)</sup> on the charging of heavy goods vehicles for the use of certain infrastructures, which seeks to establish a framework enabling Member States to calculate and calibrate toll charges on the basis of the cost of the pollution caused by traffic and congestion.

As part of this package and follow-up to the 2006 mid-term review of the transport White Paper <sup>(5)</sup>, on 16 December the Commission adopted an action plan on the use of intelligent transport systems in Europe <sup>(6)</sup>.

On 24 September the European Parliament and the Council adopted a directive on the inland transport of dangerous goods <sup>(7)</sup> which includes provisions on protecting the environment.

### ***Rail transport***

Looking to the best possible provision and more transparent management of railway infrastructures, on 6 February the Commission adopted a communication ‘Multiannual

<sup>(1)</sup> COM(2008) 433.

<sup>(2)</sup> COM(2008) 432.

<sup>(3)</sup> COM(2008) 435.

<sup>(4)</sup> COM(2008) 436.

<sup>(5)</sup> COM(2006) 314.

<sup>(6)</sup> COM(2008) 886 and COM(2008) 887.

<sup>(7)</sup> Directive 2008/68/EC (OJ L 260, 30.9.2008). See ‘General’ in Chapter IV, Section 2, ‘Transport safety and security’, of this Report.



contracts for rail infrastructure quality' <sup>(1)</sup>, in which it recommended that multiannual contracts between the state and infrastructure operators be used more widely.

On 30 April the Commission presented guidelines <sup>(2)</sup> on the compatibility with the EC Treaty of state aid for railway undertakings <sup>(3)</sup>. The objective is to improve the transparency of public financing and legal certainty with regard to the EC Treaty rules in the context of the opening-up of the markets.

On 17 June the European Parliament and the Council adopted a directive on the interoperability of the rail system within the Community <sup>(4)</sup>, which establishes a legislative framework aimed at reducing barriers to bringing railway vehicles into service. Cross-acceptance between Member States will be improved through more systematic application of the principle of mutual recognition and the harmonisation of national authorisation procedures.

The Commission adopted a communication on 8 September on the quality of rail freight services <sup>(5)</sup>. This also looks at the effectiveness of voluntary agreements and measures taken by the sector and makes recommendations for Community action in this area.

On 11 December the Commission adopted a proposal for a regulation on a European railway network for competitive freight transport <sup>(6)</sup>. This provides for the creation of transnational rail corridors which, with greater coordination between infrastructure operators, will enable rail freight to be more competitive and make the best use of existing infrastructure by giving it sufficient priority.

In the course of the year, the Commission launched infringement proceedings against 24 Member States for incorrect transposition of the directives making up the first railway package <sup>(7)</sup>. Its objective was to ensure the compliance with applicable legal provisions (including those on the separation between railway infrastructure operators and railway companies, and on the role of the control bodies) which are essential for establishing an open competitive market in railway services.

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<sup>(1)</sup> COM(2008) 54 (OJ C 118, 15.5.2008).

<sup>(2)</sup> OJ C 184, 22.7.2008.

<sup>(3)</sup> Directive 91/440/EEC (OJ L 237, 24.8.1991).

<sup>(4)</sup> Directive 2008/57/EC (OJ L 191, 18.7.2008). See 'Rail safety and security' in Chapter IV, Section 2, 'Transport safety and security', of this Report.

<sup>(5)</sup> COM(2008) 536.

<sup>(6)</sup> COM(2008) 852.

<sup>(7)</sup> Directives 2001/12/EC and 2001/14/EC (OJ L 75, 15.3.2001).

## **Roads and waterways**

On 22 October the European Parliament and the Council adopted a regulation on the elimination of controls performed at the frontiers of Member States in the field of road and inland waterway transport <sup>(1)</sup>.

## **Maritime transport**

On 26 June, following the adoption in October 2007 of an action plan for an integrated maritime policy <sup>(2)</sup>, the Commission presented a communication on 'Guidelines for an integrated approach to maritime policy: Towards best practice in integrated maritime governance and stakeholder consultation' <sup>(3)</sup>, which gives guidance on these two areas.

## **Air transport**

On 25 June, in order to enhance the effectiveness, sustainability and safety of air transport in European airspace, the Commission adopted the second package of legislation on the single European sky. This consists of three measures:

- a proposal for a regulation to improve the performance (environmentally and otherwise) and viability of the European aviation system so as to provide a better service for aircraft operators, reduce costs and ensure sustainable growth <sup>(4)</sup>;
- a proposal for a regulation to extend the tasks of the European Aviation Safety Agency <sup>(5)</sup>; and
- a communication 'Single European Sky II: Towards more sustainable and better-performing aviation', explaining the proposals for regulations <sup>(6)</sup>.

The Commission also adopted, on 15 February, a report <sup>(7)</sup> assessing the effectiveness of the directive on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Community airports <sup>(8)</sup>.

In a communication adopted on 30 April, the Commission presented the results <sup>(9)</sup> of the consultation of interested parties on the application of the regulation on the allocation

<sup>(1)</sup> Regulation (EC) No 1100/2008 (OJ L 304, 14.11.2008).

<sup>(2)</sup> COM(2007) 575 (OJ C 55, 28.2.2008).

<sup>(3)</sup> COM(2008) 395 (OJ C 10, 15.1.2009).

<sup>(4)</sup> COM(2008) 388.

<sup>(5)</sup> COM(2008) 390. (OJ C 10, 15.1.2009). See 'Aviation safety and security' in Chapter IV, Section 2, 'Transport safety and security', of this Report.

<sup>(6)</sup> COM(2008) 389 (OJ C 10, 15.1.2009).

<sup>(7)</sup> COM(2008) 66 (OJ C 207, 14.8.2008).

<sup>(8)</sup> Directive 2002/30/EC (OJ L 85, 28.3.2002).

<sup>(9)</sup> COM(2008) 227.

of slots at Community airports <sup>(1)</sup>. This interpretative communication seeks to facilitate implementation of the regulation.

On 16 December the Council adopted a regulation <sup>(2)</sup> on the establishment of a joint undertaking to develop the new generation European air traffic management system (SESAR), which in particular clarifies its legal status.

On a more general level, the Commission continued to implement its action plan for airport capacity, efficiency and safety in Europe <sup>(3)</sup>. This included launching a consultation on 4 July on combined train/plane ticketing. Also, a Community observatory on airport capacity planning was set up and met for the first time on 4 November to hear all the interested parties discuss their experiences on this front. On the basis of these discussions, the observatory will adopt opinions to help the Commission in implementing the action plan.

### ***EGNOS and Galileo***

On 9 July the European Parliament and the Council adopted a regulation on the further implementation of the European satellite radionavigation programmes (EGNOS and Galileo) <sup>(4)</sup>. This sets the budgetary resources required to finance the two programmes at EUR 3.4 billion for the period from 1 January 2007 to 31 December 2013. It also provides for improved public governance of the programmes by laying down a strict division of competences between the European Community, the European GNSS Supervisory Authority and the European Space Agency, entrusting the Commission with the implementation of the programmes and taking measures to ensure consistency between opinions issued by the Committee on European GNSS Programmes and decisions adopted by the Administrative Board of the European GNSS Supervisory Authority.

### ***International cooperation***

As regards air services, the agreement between the European Union and the United States of America entered into force on 30 March <sup>(5)</sup>. As a result, all EU airlines can fly direct to the United States from any airport in Europe and no longer only from their country of origin. The agreement does away with all restrictions affecting connections, fares or the number of flights per week. On 30 June, the European Community and the United States also signed an agreement on cooperation in the regulation of civil aviation safety <sup>(6)</sup>.

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<sup>(1)</sup> Regulation (EEC) No 95/93 (OJ L 14, 22.1.1993).

<sup>(2)</sup> Regulation (EC) No 1361/2008 (OJ L 352, 31.12.2008).

<sup>(3)</sup> COM(2006) 819 (OJ C 138, 22.6.2007).

<sup>(4)</sup> Regulation (EC) No 683/2008 (OJ L 196, 24.7.2008).

<sup>(5)</sup> IP/08/474.

<sup>(6)</sup> IP/08/1059.

Negotiations with non-EU countries continued in 2008 with a view to replacing certain provisions in existing agreements on air services with a Community agreement. Decisions concerning the conclusion of the agreements were adopted for Croatia, the former Yugoslav Republic of Macedonia, Georgia, Kyrgyzstan, Lebanon, Malaysia, the Maldives, Moldova, Panama, Paraguay, Singapore and Uruguay (on 18 February) <sup>(1)</sup>, Morocco (17 March) <sup>(2)</sup> and Azerbaijan (8 July) <sup>(3)</sup>.

Decisions on the signing and provisional application of agreements were also adopted for Australia <sup>(4)</sup> and Nepal <sup>(5)</sup> (7 April), Pakistan <sup>(6)</sup> (21 May), Israel <sup>(7)</sup> (15 September), India <sup>(8)</sup> (25 September) and Armenia <sup>(9)</sup> (27 November).

The Commission also proposed establishing agreements with Kazakhstan <sup>(10)</sup> (21 February), Mexico <sup>(11)</sup> (5 August) and the West African Economic and Monetary Union <sup>(12)</sup> (17 July). This last agreement is the first to be negotiated between the Community and another regional organisation.

Also, on 1 October the Commission adopted a progress report on the creation of a common aviation area with the neighbouring countries by 2010 <sup>(13)</sup>.

The objectives of such agreements are to give all Community air carriers non-discriminatory access to routes between the Community and non-EU countries, and to bring bilateral air service agreements between Member States and third countries into line with Community law.

An agreement on maritime transport <sup>(14)</sup> was concluded between the European Community and China on 28 January.

Also, on 6 November the Commission adopted a proposal for a decision on the signing of the protocol for the European Community's accession to the Belgrade Convention of 18 August 1948 regarding the regime of navigation on the Danube <sup>(15)</sup>.

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<sup>(1)</sup> OJ L 60, 5.3.2008 and OJ L 106, 16.4.2008.

<sup>(2)</sup> OJ L 87, 29.3.2008.

<sup>(3)</sup> COM(2005) 60.

<sup>(4)</sup> COM(2005) 264.

<sup>(5)</sup> COM(2008) 41.

<sup>(6)</sup> COM(2008) 81.

<sup>(7)</sup> COM(2008) 178 (OJ C 202, 8.8.2008).

<sup>(8)</sup> Decision 2008/797/EC (OJ L 273, 15.10.2008).

<sup>(9)</sup> COM(2007) 729.

<sup>(10)</sup> COM(2008) 92 (OJ C 207, 14.8.2008).

<sup>(11)</sup> COM(2008) 506.

<sup>(12)</sup> COM(2008) 463.

<sup>(13)</sup> COM(2008) 596.

<sup>(14)</sup> Decision 2008/143/EC (OJ L 46, 21.2.2008).

<sup>(15)</sup> COM(2008) 700.

### ***Trans-European transport networks***

On 5 March the Commission adopted a communication on the progress of exploratory talks regarding cooperation in the field of transport with the neighbouring countries <sup>(1)</sup>. The first round of discussions had revealed a keen interest in strengthening regional cooperation structures and coordination between the enlarged political dialogue and the establishing of transport axes. Discussions with the western Balkans have already been concluded and the Commission has proposed the adoption of negotiating directives to establish a transport community in the region.

On 5 December the Commission took a decision to allocate funding of over EUR 1.7 billion to railway projects under the trans-European transport network (TEN-T) programme for 2007–13 <sup>(2)</sup>.

## **Energy**

### ***General***

On 13 June the Commission adopted a communication 'Facing the challenge of higher oil prices' <sup>(3)</sup>. Together with the communication on food prices <sup>(4)</sup>, this presents Member States with a framework for addressing the immediate consequences of the price rises and seeking medium- and long-term solutions to the new constraints as regards resources. The proposals involve adjusting energy demand and encouraging energy efficiency in all parts of the economy.

On the same theme, on 25 September the European Parliament adopted a resolution on controlling energy prices, calling for a strong political commitment to taking specific measures to reduce energy demand, promoting renewable energy and energy efficiency, pursuing diversification of energy supply and reducing dependence on fossil fuel imports.

In the area of statistics, on 22 October the European Parliament and the Council established a stable institutional basis for the collection of energy data <sup>(5)</sup> in order to give the EU exhaustive and comparable statistics at European level on a whole series of energy-related issues.

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<sup>(1)</sup> COM(2008) 125 (OJ C 202, 8.8.2008).

<sup>(2)</sup> IP/08/1891.

<sup>(3)</sup> COM(2008) 384 (OJ C 10, 15.1.2009).

<sup>(4)</sup> COM(2008) 321(OJ C 10, 15.1.2009). See 'Agricultural prices and related measures' in Chapter III, Section 2, 'Agriculture and rural development', of this Report.

<sup>(5)</sup> Regulation (EC) No 1099/2008 (OJ L 304, 14.11.2008).

## ***Energy and sustainable development***

On 23 January the Commission adopted a proposal for a directive on the promotion of the use of energy from renewable sources <sup>(1)</sup>. This includes a binding target of 20 % as regards the share of final consumption in 2020 accounted for by renewable energy, and a specific target of 10 %, also by 2020, in the transport sector. A legislative framework is put forward for achieving these targets, as well as criteria and provisions to ensure the sustainability of biofuels and bioliquids. The proposal is part of a package of measures on energy and the climate <sup>(2)</sup>.

Also on 23 January, the Commission adopted a communication on a first assessment of the national energy efficiency action plans <sup>(3)</sup>. It provides a first overview of the range of strategies and measures presented by the Member States and a first identification of examples of good practice which merit closer examination. The Commission has concentrated on reviewing the part of the strategies addressing the exemplary role of the public sector, and information.

The European Council of 15 and 16 October reasserted that security of energy supply is a priority for the European Union. Specifically, it called for finalisation of the legislative package for the internal market in electricity and gas, swift implementation of the European energy efficiency action plan and the strategic energy technology plan, the determined pursuit of the diversification of energy sources in the context of the energy/climate package, development of crisis mechanisms for dealing with temporary interruptions of supply, the strengthening and expansion of critical infrastructures, and stabilising supply by developing relations with producer countries.

On 13 November the Commission adopted its second strategic analysis of EU energy policy. In line with the measures designed to achieve the EU's energy and climate change targets, this set of measures in the energy sector gives a new boost to energy security in Europe. It consists of the following:

- a new strategy for creating solidarity between the Member States in the field of energy and a new policy on energy networks to stimulate investment in more efficient, low-carbon energy networks <sup>(4)</sup>;
- a European energy security and solidarity action plan which identifies five areas in which more action is needed to guarantee a sustainable energy supply <sup>(5)</sup>;
- a package of energy efficiency proposals which aims to make energy savings in key areas, such as reinforcing energy efficiency legislation on buildings and energy-

<sup>(1)</sup> COM(2008) 19 (OJ C 118, 15.5.2008).

<sup>(2)</sup> See 'Climate change' in Chapter III, Section 2, 'Environment', of this Report.

<sup>(3)</sup> COM(2008) 11 (OJ C 118, 15.5.2008).

<sup>(4)</sup> COM(2008) 768, COM(2008) 769, COM(2008) 770, COM(2008) 775, COM(2008) 776 and COM(2008) 782.

<sup>(5)</sup> COM(2008) 781.

using products, and enhancing the role of energy performance certificates as well as inspection reports for heating and air-conditioning systems <sup>(1)</sup>.

### ***Internal market in energy***

On 15 April the Commission issued a report on progress in creating the internal gas and electricity market <sup>(2)</sup>. Despite some encouraging improvements, especially with respect to the development of best practice solutions on a regional level, the overall analysis of progress shows that major barriers for the efficient functioning of the internal market still exist. The third package of legislation on the internal gas and electricity market <sup>(3)</sup> should help to remedy this.

### ***Energy technology and innovation***

In its conclusions of 28 February the Council set out fundamental principles, objectives and actions for a European policy on energy technology. According to the Council, such a policy should improve synergies at Community level and take account of existing structures for cooperation on research, development, demonstration and deployment in the field of energy technology. The private sector should be fully involved in the process of developing such technology.

In a resolution adopted on 9 July on the European strategic energy technology (SET) plan, the European Parliament expressed support for a European policy in this area with adequate financial backing, which it sees as essential to the achievement, by 2020, of the EU's objectives in the fields of energy and climate change.

### ***Nuclear energy***

In conclusions adopted on 8 December the Council decided to support the creation of a nuclear fuel bank under the control of the International Atomic Energy Agency (IAEA). The EU intends to contribute EUR 25 million to this project. The nuclear fuel bank will be part of a wider effort aimed at establishing multilateral fuel supply mechanisms.

### ***Euratom Treaty and Euratom Supply Agency***

On 12 February the Council adopted a decision <sup>(4)</sup> repealing and replacing the statutes of the Euratom Supply Agency so as to take account of the increase in the number

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<sup>(1)</sup> COM(2008) 771, COM(2008) 772, COM(2008) 778, COM(2008) 779 and COM(2008) 780.

<sup>(2)</sup> COM(2008) 192 (OJ C 202, 8.8.2008).

<sup>(3)</sup> COM(2007) 528, COM(2007) 529, COM(2007) 530, COM(2007) 531 and COM(2007) 532 (OJ C 4, 9.1.2008).

<sup>(4)</sup> Decision 2008/114/EC, Euratom (OJ L 41, 15.2.2008).

of Member States and of the need for the Agency to be subject to modern financial arrangements; the decision also fixed Luxembourg as the site of the Agency.

On 3 July the Commission presented a summary of activities carried out in 2007 in implementation of Title II, Chapters 3 to 10, of the Euratom Treaty <sup>(1)</sup>. This also covers the activities of the Euratom Supply Agency.

### ***International cooperation***

In the regional context, there was continued cooperation under the Baku Initiative with the countries of eastern Europe, the Caucasus and central Asia. Cooperation with the Gulf countries and the Organisation of Petroleum Exporting Countries (OPEC) was strengthened and continued in the case of the Asian countries covered by the Asia–Europe process (ASEM) and African countries.

Representatives of the European Union, Iraq, Turkey and the Mashreq countries met in Brussels on 5 May and issued a joint declaration underlining the importance of stronger energy cooperation between them to create a gas market that would be integrated into the EU's internal market through the development of connection infrastructures in the region.

The Ministerial Council of the Energy Community met on 27 June in Brussels and on 11 December in Tirana. The participants agreed to adopt a common regional procedure for allocating electricity capacity and managing border congestion. The Energy Community also adopted a dispute settlement mechanism based on rules allowing companies in the member countries to lodge complaints when they encounter irregularities. Significant progress was registered in most of the western Balkan countries as regards the implementation of European legislation on the gas and electricity market.

In the bilateral context, the European Union and Russia continued their energy dialogue with a view to concluding new agreements. Partnerships with Azerbaijan, Kazakhstan and Ukraine were maintained. The Commission also initiated a dialogue with a view to new cooperation with Belarus and Moldova. In addition, new strategic partnerships got under way this year with Algeria, Egypt, Iraq and Turkmenistan. The bilateral dialogues also continued with Jordan, Libya and Morocco, as well as Argentina, Australia, Brazil, Canada, Chile, China, the United States and India. There were ongoing negotiations with Switzerland on the electricity market.

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<sup>(1)</sup> COM(2008) 417.



***General references and other useful links***

- Enterprise:  
[http://ec.europa.eu/enterprise/index\\_en.htm](http://ec.europa.eu/enterprise/index_en.htm)
- Directorate-General for Competition:  
[http://ec.europa.eu/dgs/competition/index\\_en.htm](http://ec.europa.eu/dgs/competition/index_en.htm)
- Directorate-General for Research:  
<http://ec.europa.eu/research/index.cfm?lg=en>
- Joint Research Centre:  
<http://ec.europa.eu/dgs/jrc/index.cfm>
- Directorate-General for the Information Society and Media:  
[http://ec.europa.eu/dgs/information\\_society/index\\_en.htm](http://ec.europa.eu/dgs/information_society/index_en.htm)
- Education:  
[http://ec.europa.eu/education/index\\_en.htm](http://ec.europa.eu/education/index_en.htm)
- Directorate-General for Energy and Transport:  
[http://ec.europa.eu/dgs/energy\\_transport/index\\_en.htm](http://ec.europa.eu/dgs/energy_transport/index_en.htm)
- Internal market:  
[http://ec.europa.eu/internal\\_market/index\\_en.htm](http://ec.europa.eu/internal_market/index_en.htm)

## Chapter III

# Solidarity

## Section 1

### Consolidating economic and social cohesion

#### **Background**

*The purpose of the cohesion policy is to reduce the disparities between Member States and within the Member States themselves. Its goals are to promote investment which will stimulate growth and employment, to encourage the growth of the knowledge economy and to attract more people towards setting up a business.*

*In 2007 the Commission laid the foundations of a renewed social agenda aimed at meeting the new social challenges facing our societies. It identified the key domains of this agenda for opportunities, access and solidarity: youth, career opportunities, longer and healthier lives, inclusion and non-discrimination, mobility and integration, and solidarity at a global level.*

### **Regional dimension and cohesion policy**

#### **Cohesion policy**

The new generation of sectoral and regional cohesion policy programmes has aimed since 2007 at relaunching employment and growth in all Member States and all regions of the European Union. In this context, on 14 May the Commission adopted a communication on the results of the negotiations concerning cohesion policy strategies and

programmes for the programming period 2007–13 <sup>(1)</sup>. The communication analyses the 450 programmes and concludes that the Member States and the regions have radically revised their priorities and have invested heavily in competitiveness, employment and growth in line with the Lisbon strategy.

The fifth progress report on economic and social cohesion <sup>(2)</sup> was adopted by the Commission on 18 June. It summarises the public debate and provides a concise analysis of the European growth sectors, whose regional performance will to a great extent determine the level of economic development of the regions in the years to come.

On 6 October the Commission adopted a Green Paper <sup>(3)</sup> on territorial cohesion 'Turning territorial diversity into a strength', thereby launching a wide-ranging consultation aimed at deepening the shared understanding of territorial cohesion and its implications for the future of regional policy in the European Union. On 14 November the Commission presented the 'Regions 2020' <sup>(4)</sup> report, putting forward a prospective analysis of the probable regional impact of the four key challenges facing Europe: globalisation, demographic change, climate change and the energy challenge. The report's conclusions will feed into the process of reflecting on the future of European cohesion policy.

Following the adoption of the European economic recovery plan <sup>(5)</sup>, on 16 December the Commission presented a communication demonstrating how cohesion policy can help revitalise the real economy in Europe <sup>(6)</sup>. The communication suggests a series of actions to the Member States, calling on them to exploit fully and rapidly the opportunities offered by the cohesion policy. It also presents the new measures for speeding up the implementation of the operational programmes. The European investments of EUR 347 billion available until 2013 will enable this policy to stimulate the economy in the short term while laying the foundations for longer-term growth.

On 3 December the Commission adopted a proposal <sup>(7)</sup> which will enable all Member States to invest in initiatives to assist energy efficiency and renewable energy in housing. This proposal to amend the existing regulation on the European Regional Development Fund (ERDF) <sup>(8)</sup> also forms part of the European economic recovery plan.

Also during the year, the Committee of the Regions delivered several own-initiative opinions on cohesion policy. On 7 February it adopted an own-initiative opinion on

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<sup>(1)</sup> COM(2008) 301 (OJ C 10, 15.1.2009).

<sup>(2)</sup> COM(2008) 371 (OJ C 10, 15.1.2009).

<sup>(3)</sup> COM(2008) 616.

<sup>(4)</sup> SEC(2008) 2868.

<sup>(5)</sup> COM(2008) 800. See 'European economic recovery plan' in Chapter I, Section 4, of this Report.

<sup>(6)</sup> COM(2008) 876. See Chapter II, Section 1, 'The Lisbon strategy: a partnership for growth and jobs', of this Report.

<sup>(7)</sup> COM(2008) 838.

<sup>(8)</sup> Regulation (EC) No 1080/2006 (OJ L 210, 31.7.2006).

'The contribution of volunteering to economic and social cohesion' <sup>(1)</sup> and on 18 June put forward its views on the 'European grouping of territorial cooperation: New impetus for territorial cooperation in Europe' <sup>(2)</sup>. On 8 October it adopted an outlook opinion on governance and project planning in the field of regional policy <sup>(3)</sup>. On 17 September the European Economic and Social Committee adopted an exploratory opinion on the urban environment, recommending that a high-level group on urban development and sustainability be set up at Community level.

As regards financial management, on 19 February the Commission adopted a Structural Funds action plan, thus following up on the recommendations of the Court of Auditors that the Commission's supervisory role in the shared management of structural actions be strengthened <sup>(4)</sup>.

On 21 October the European Parliament adopted a resolution on national and regional governance and partnership, in which for the sake of simplicity and efficiency it suggests merging the various European funds into the future cohesion policy for the period after 2013.

At bilateral level, on 23 July the Commission adopted a report on the management of EU funds in Bulgaria <sup>(5)</sup>. Following serious allegations of irregularities, suspicions of fraud and conflicts of interest in the award of contracts, the Commission investigated the management of these funds by the Bulgarian authorities. The investigations led to a temporary suspension of the payment of pre-accession aid and the freezing of payments under various other financial instruments during the second half of 2007 and the first half of 2008.

### ***Outermost regions***

On 17 October the Commission adopted a communication 'The outermost regions: An asset for Europe' <sup>(6)</sup>. This puts forward a renewed strategy of the outermost regions as 'regions of opportunity', rich in development potential, while ensuring that their specific characteristics are taken into account. The Commission makes recommendations to ensure optimum use of the instruments and possibilities available in the current financial framework (2007–13). It also proposes specific action in areas such as climate change, migration and demographic trends.

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<sup>(1)</sup> OJ C 105, 25.4.2008.

<sup>(2)</sup> OJ C 257, 9.10.2008.

<sup>(3)</sup> OJ C 325, 19.12.2008.

<sup>(4)</sup> COM(2008) 97 (OJ C 207, 14.8.2008).

<sup>(5)</sup> COM(2008) 496.

<sup>(6)</sup> COM(2008) 642.

### ***Further developments***

On 7 April the Commission presented the results of the work of the Northern Ireland Task Force set up by the Commission President after his visit to Belfast in May 2007 <sup>(1)</sup>. The purpose of the task force is to support the peace and reconciliation process following the re-establishment of a devolved administration in Northern Ireland in May 2007 based on power-sharing. A further aim of the task force is to support Northern Ireland in its efforts to modernise its economy and to generate more growth and jobs in line with the Lisbon strategy.

On 3 November the Commission launched an online public consultation on the future strategy for the Baltic Sea region. The main aims of the strategy are to improve the environmental state of the Baltic Sea, to support balanced economic development in the region, and to make it more accessible and secure <sup>(2)</sup>.

## **Social dimension**

### ***Renewed social agenda***

On 2 July, following a public consultation launched in 2007 to take stock of Europe's changing social reality, the Commission presented a renewed social agenda <sup>(3)</sup> showing how the goals of opportunities, access and solidarity (outlined in a communication of November 2007 <sup>(4)</sup>) are to be translated into concrete actions. It is an integrated policy response, complementing the Lisbon strategy and demonstrating a commitment to delivering results for citizens. This agenda, including its actions and instruments, will be reviewed together with the Lisbon strategy for the post-2010 period.

### ***Employment***

From a general viewpoint, the joint employment report 2007/08, which assesses the progress made and still to be achieved in meeting the objectives of the Lisbon strategy, was adopted by the Council on 29 February. The report analyses the employment policy dimension of the national reform programmes, addressing the following: progress in achieving the objectives of the European employment strategy, implementation of the priorities for action, and giving priority to action for more and better jobs.

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<sup>(1)</sup> COM(2008) 186.

<sup>(2)</sup> IP/08/1619.

<sup>(3)</sup> COM(2008) 412.

<sup>(4)</sup> COM(2007) 726 (OJ C 55, 28.2.2008).

On 14 May the Council adopted its recommendation on the implementation of Member States' employment policies <sup>(1)</sup>. On 15 July it adopted a decision <sup>(2)</sup> on guidelines for the employment policies of the Member States. The employment guidelines form part of the integrated guidelines for 2008–10, which are based on three pillars: macroeconomic policies, microeconomic reforms and employment policies.

On 15 October the European Union leaders met employers' and workers' representatives to discuss the impact of the financial crisis on the 'real economy', particularly on growth and jobs. The agenda for this tripartite social summit also included the implications of climate change and energy policy on employment and social cohesion, including the prospects for 'green jobs'.

On 18 November the Commission adopted a communication listing the key messages and strategic implications of the 20th annual Employment in Europe report for 2008 <sup>(3)</sup>. The report addresses topics of special importance for the Commission's current employment priorities (arrival on the EU job market of immigrants from non-member countries, intra-Community mobility, quality of employment in the European Union and the relationship between education/training and employment). Overall, the report's findings support the main thrust of the European Union's principal policy initiatives in the field of employment under the renewed Lisbon strategy.

With regard to labour market needs, the European Council called on the Commission 'to present a comprehensive assessment of the future skills requirements in Europe up to 2020, taking account of the impacts of technological change and ageing populations and to propose steps to anticipate future needs'. In response, on 16 December the Commission presented a communication <sup>(4)</sup> on a better match between the demand for and supply of jobs and more effective ways of analysing and predicting which skills will be needed in tomorrow's labour market. On 9 June the Council adopted conclusions on 'Anticipating and matching labour market needs'.

On 2 July, in the context of the renewed social agenda, the Commission presented a report on the European Globalisation Adjustment Fund <sup>(5)</sup>, analysing the first year of its existence and suggesting immediate and longer-term ways to improve its performance. On 16 December it adopted a proposal for a regulation <sup>(6)</sup> on improving the EGF in order to help people made redundant as a result of the economic crisis.

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<sup>(1)</sup> OJ L 139, 29.5.2008.

<sup>(2)</sup> Decision 2008/618/EC (OJ L 198, 26.7.2008).

<sup>(3)</sup> COM(2008) 758.

<sup>(4)</sup> COM(2008) 868. See Chapter II, Section 1, 'The Lisbon strategy: a partnership for growth and jobs', of this Report.

<sup>(5)</sup> COM(2008) 421.

<sup>(6)</sup> COM(2008) 867. See Chapter II, Section 1, 'The Lisbon strategy: a partnership for growth and jobs', of this Report.

Also in 2008 the European Parliament and the Council decided to deploy the fund by mobilising:

- a sum of EUR 3.1 million following redundancies in the textile sector in Malta and in the automobile sector in Portugal resulting from the closure of production activities (10 April) <sup>(1)</sup>;
- a sum of EUR 10.7 million following redundancies in the textile sector in Lithuania and in the automobile sector and its suppliers in Portugal (22 October) <sup>(2)</sup>;
- a sum of EUR 35.2 million following redundancies in the textile sector in Italy (19 November) <sup>(3)</sup>.

### ***Social protection and inclusion***

On 29 February the Council adopted the joint report on social protection and social inclusion 2008 <sup>(4)</sup>, dealing with social inclusion, pensions, healthcare and long-term care policies. The report addresses the interaction in these domains between the open method of coordination (OMC) and the Lisbon strategy for growth and employment, and outlines some of the pathways for the future development of the OMC. The report is accompanied by a document describing in more detail the progress made and the challenges to be met in the areas selected for OMC work in 2007, such as child poverty, working longer, persistent health inequalities and long-term care. It also analyses how the Member States finance social protection and how the social dimension has been integrated into the national operational programmes of the Structural Funds for 2007–13.

In the context of the renewed social agenda, on 2 July the Commission also adopted a communication on 'Reinforcing the open method of coordination for social protection and social inclusion' <sup>(5)</sup>.

More specifically, the situation of persons with disabilities was the subject of a Council resolution on 17 March <sup>(6)</sup>. According to the Council, the EU disability strategy emphasises the importance of equal access to inclusive, quality education and lifelong learning, which are crucial for enabling persons with disabilities to participate fully in society and improve their quality of life.

On 22 April the European Parliament adopted a declaration on ending street homelessness and called on the Council to agree on an EU-wide commitment to end street homelessness by 2015.

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<sup>(1)</sup> Decision 2008/370/EC (OJ L 128, 16.5.2008).

<sup>(2)</sup> Decision 2008/818/EC (OJ L 285, 29.10.2008).

<sup>(3)</sup> Decision 2008/916/EC (OJ L 330, 9.12.2008).

<sup>(4)</sup> COM(2008) 42 (OJ C 118, 15.5.2008).

<sup>(5)</sup> COM(2008) 418.

<sup>(6)</sup> OJ C 75, 26.3.2008.

On 3 October the Commission adopted a communication concerning a recommendation on the active inclusion of those excluded from the labour market <sup>(1)</sup>, aimed at supporting Member States in their efforts to fight poverty and exclusion. Those furthest from the job market need to be supported with sufficient resources and personalised employment and social services to ensure their participation in society and their capacity to hold a job. An exploratory opinion of the European Economic and Social Committee, 'How can social experimentation be used in Europe to develop public active inclusion policies?', was also adopted on 22 October.

On 9 October the European Parliament adopted a resolution on promoting social inclusion and combating poverty, including child poverty, in the EU. It adopted another resolution on 20 November on the future of social security systems and pensions, their financing and the trend towards individualisation.

On 17 December the Council adopted conclusions on common active inclusion principles to combat poverty more effectively. The conclusions chiefly concern individuals excluded from the job market for a variety of reasons: lack of skills, qualifications and/or the necessary ability to find and keep a job.

### ***Mobility of workers and free movement of knowledge***

The spring European Council considered that, in order to become a truly modern and competitive economy, the Member States and the EU must remove barriers to the free movement of knowledge by creating a 'fifth freedom'.

To this end the Commission confirmed in the renewed social agenda that it was continuing to develop a 'fifth freedom' by removing barriers to the free movement of knowledge and facilitating the mobility of specific groups such as researchers <sup>(2)</sup>, young entrepreneurs, young people and volunteers <sup>(3)</sup> (particularly through the Ljubljana process, launched on 15 April, which is aimed at creating a genuine European research area).

As regards the mobility of workers, on 18 October the Commission adopted a communication concluding that the overall impact of mobility after the enlargement of the European Union in 2004 and 2007 had been positive <sup>(4)</sup>. The communication aims to provide Member States with the necessary information for reviewing their positions for the second period of the provisions on the free movement of persons.

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<sup>(1)</sup> COM(2008) 639.

<sup>(2)</sup> COM(2008) 317(OJ C 10, 15.1.2009). See 'Creating the European research area' in Chapter II, Section 2, 'Research', of this Report.

<sup>(3)</sup> COM(2008) 424. See Chapter III, Section 3, 'Youth, active citizenship and sport', of this Report.

<sup>(4)</sup> COM(2008) 765.



### ***Working conditions, including health and safety at the workplace***

The Community strategy 2007–12 on health and safety at work <sup>(1)</sup> was the subject of a European Parliament resolution on 15 January and of a European Economic and Social Committee opinion on 29 May <sup>(2)</sup>. Parliament and the Committee welcomed the objective of reducing accidents at work by 25 %, but felt that there should be a similar target for reducing occupational diseases.

As part of this strategy, on 6 November the Commission adopted a communication <sup>(3)</sup> on the practical implementation of the health and safety at work directives (on temporary and mobile construction sites <sup>(4)</sup> and on safety signs at work <sup>(5)</sup>).

On 23 April the European Parliament and the Council adopted a directive on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic fields) <sup>(6)</sup>. The directive postpones to 30 April 2012 the deadline for transposition of Directive 2004/40/EC <sup>(7)</sup> so as to enable new scientific studies on the impact on health of exposure to electromagnetic radiation to be taken into account.

Concerning the posting of workers, on 3 April the Commission adopted a recommendation on enhanced administrative cooperation between the Member States in protecting the rights of posted workers <sup>(8)</sup>. The Council endorsed this recommendation on 9 June. The Commission then organised a forum on 9 October on the rights of employees and economic freedoms to discuss the implications of the judgments of the Court of Justice of the European Communities on the posting of workers (*Laval, Viking, Ruffert* and *Commission v Luxembourg* judgments). On 22 October the European Parliament adopted a resolution analysing the implications of these judgments.

In other areas, on 2 July the Commission adopted a proposal for a directive <sup>(9)</sup> aimed at improving the role of European works councils in informing and consulting employees. The proposal is also intended to increase legal certainty and ensure that the legislative instruments on the subject are better linked.

On 22 October the Commission adopted a decision <sup>(10)</sup> to rationalise the work of the Committee of Senior Labour Inspectors.

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<sup>(1)</sup> COM(2007) 62 (OJ C 138, 22.6.2007).

<sup>(2)</sup> OJ C 224, 30.8.2008.

<sup>(3)</sup> COM(2008) 698.

<sup>(4)</sup> Directive 92/57/EEC (OJ L 245, 26.8.1992).

<sup>(5)</sup> Directive 92/58/EEC (OJ L 245, 26.8.1992).

<sup>(6)</sup> Directive 2008/46/EC (OJ L 114, 26.4.2008).

<sup>(7)</sup> OJ L 159, 30.4.2004.

<sup>(8)</sup> OJ C 85, 4.4.2008 and OJ C 89, 10.4.2008.

<sup>(9)</sup> COM(2008) 419.

<sup>(10)</sup> Decision 2008/823/EC (OJ L 288, 30.10.2008).

The same day the European Parliament and the Council adopted a directive <sup>(1)</sup> providing a minimum degree of protection for employees in the event of the insolvency of their employer, in particular in order to guarantee payment of their outstanding claims.

The June European Council called on the Council and the European Parliament to reach a balanced final agreement before the end of the current legislative period on the directive concerning certain aspects of the organisation of working time <sup>(2)</sup> and the directive on working conditions for temporary workers. On 19 November the European Parliament and the Council adopted a directive on temporary agency work <sup>(3)</sup>. The directive applies the principle of equal treatment to temporary agency workers and recognises temporary work agencies as employers. It does not affect the autonomy of the social partners, providing for possible exemptions from the rules applicable in the user undertaking through collective agreements or after consulting the social partners at national level, provided that the overall level of protection for temporary agency workers is respected.

In addition, on 9 October the European Parliament adopted a resolution on combating undeclared work.

On 17 December the Council reached political agreement on a draft directive aimed at improving maritime labour conditions <sup>(4)</sup>. The main purpose of the directive is to incorporate into Community law the provisions of the Maritime Labour Convention of 2006 (adopted by the International Labour Organisation) <sup>(5)</sup>.

### ***Equal treatment in employment***

On 19 June the Commission adopted a communication <sup>(6)</sup> on the application of the directive establishing a general framework for equal treatment in employment and occupation <sup>(7)</sup>, recognising that legislation alone is not enough to prevent discrimination and promote equality. Proper application of and compliance with the legislation, combined with complementary measures at national and Community levels, were the key to reducing discrimination.

General aspects of non-discrimination outside the employment domain are discussed in 'Protecting fundamental rights and combating discrimination' in Section 3 of this chapter (see below).

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<sup>(1)</sup> Directive 2008/94/EC (OJ L 283, 28.10.2008).

<sup>(2)</sup> COM(2004) 607.

<sup>(3)</sup> Directive 2008/104/EC (OJ L 327, 5.12.2008).

<sup>(4)</sup> COM(2008) 422.

<sup>(5)</sup> Directive 1999/63/EC (OJ L 167, 2.7.1999).

<sup>(6)</sup> COM(2008) 225.

<sup>(7)</sup> Directive 2000/78/EC (OJ L 303, 2.12.2000).

### ***Equality between women and men***

On 23 January the Commission adopted its annual report on equality between women and men <sup>(1)</sup>. The report demonstrates that, where the objective of boosting female employment in terms of both quantity and quality ('more and better jobs') is concerned, real progress has been made on the quantity side but more efforts are needed to improve the quality aspects. It shows in particular that gender gaps remain substantial (especially differences between working arrangements for women and men), labour market segregation still exists and is on the rise in certain countries, and the pay gap is not diminishing. Similarly, in its final evaluation report of 13 August on the Community framework strategy and Community action programme relating to the Community strategy on gender equality (2001–06) <sup>(2)</sup>, the Commission noted that, despite a positive assessment, numerous challenges still had to be taken up in this area.

The Council meanwhile adopted conclusions on the elimination of gender stereotypes in society, pointing out that these are one of the most persistent causes of inequality between women and men in all spheres and at all stages of life.

On 3 September the European Parliament adopted a resolution on equality between women and men, stressing the importance of combating violence against women. Parliament also regretted the lack of real progress in the implementation of the principle of equal pay for men and women.

On 18 November it adopted a resolution with recommendations to the Commission on the application of the principle of equal pay for men and women. Parliament calls on the Commission to submit, before the end of 2009, a legislative proposal for a revision of the existing legislation in this field.

On 26 November the Commission adopted a mid-term progress report on the roadmap for equality between women and men (2006–10) <sup>(3)</sup>, showing how the action taken since March 2006 has helped to achieve the roadmap objectives and outlining the action to be taken by 2010.

### ***Reconciling professional, private and family life***

On 3 October the Commission put forward a package of measures intended to help reconcile professional, private and family life by updating and improving the legislation in force <sup>(4)</sup>. It proposes longer and more attractive maternity leave and improvements to

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<sup>(1)</sup> COM(2008) 10 (OJ C 118, 15.5.2008).

<sup>(2)</sup> COM(2008) 503.

<sup>(3)</sup> COM(2008) 760.

<sup>(4)</sup> Directives 86/613/EEC and 92/85/EEC.

the situation of self-employed women by offering them, on a voluntary basis, benefits equivalent to maternity leave.

The package includes a proposal on maternity leave <sup>(1)</sup>, and one on women engaged in an activity in a self-employed capacity <sup>(2)</sup>. It is accompanied by a communication 'A better work–life balance: Stronger support for reconciling professional, private and family life' <sup>(3)</sup>.

In the same context the Commission adopted a report on the implementation of the Barcelona objectives concerning childcare facilities for pre-school-age children, announcing that it will pursue policies promoting the reconciliation of work and family life and gender equality <sup>(4)</sup>.

## Demographic aspects

On 21 February the European Parliament adopted a resolution on the demographic future of Europe, pointing out that the two major causes of demographic change — low fertility and extended life expectancy — are the results of progress. Parliament further stressed that the average number of children per woman in the European Union, which is abnormally low, might be linked primarily to the difficulty of reconciling professional and family life.

On 17 September the European Economic and Social Committee issued an exploratory opinion on taking account of the needs of the elderly. In this context it recommended the establishment of an expert group on old age, a European alliance for an active life in old age and a European centre for age research, and support for a demography fund as part of the Structural Funds to deal with demographic change.

On 9 July the European Parliament and the Council adopted a regulation on population and housing censuses <sup>(5)</sup>. The aim is to compile a sufficiently detailed picture of the structure and characteristics of the population to permit analysis as a basis for the planning, administration and monitoring of a number of regional, social, economic or environmental policies of the European Union. Statistical data on population are essential in most of these domains to help formulate clear operational objectives and assess the progress made.

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<sup>(1)</sup> COM(2008) 637.

<sup>(2)</sup> COM(2008) 636.

<sup>(3)</sup> COM(2008) 635.

<sup>(4)</sup> COM(2008) 638.

<sup>(5)</sup> Regulation (EC) No 763/2008 (OJ L 218, 13.8.2008).

**General references and other useful links**

- Structural measures:  
[http://ec.europa.eu/regional\\_policy/funds/prord/sf\\_en.htm](http://ec.europa.eu/regional_policy/funds/prord/sf_en.htm)
- Social affairs:  
<http://ec.europa.eu/social/>

*Section 2*

## Solidarity with future generations and management of natural resources

**Background**

*Climate change, biodiversity, health and resource use remain the most pressing environmental challenges. To face those challenges, the European Union adopted measures to prevent climate change having irreversible consequences and to establish a sustainable balance between available resources and their exploitation. It also launched a common agricultural policy 'health check', designed to produce legislative proposals to rationalise and adapt the instruments originally developed for a Community of six Member States.*

## Environment

**Climate change**

Following the commitment made by the March 2007 European Council, on 23 January the Commission adopted a package of measures on energy and the climate, with the aim of making the European Union a low-emission economy with increased energy security. This new package of measures seeks to give the European Union the means to reduce greenhouse gas emissions by at least 20 %, increase the share of renewable energies in energy consumption to 20 % and increase energy efficiency by the same amount by 2020. The reduction in emissions will increase to 30 % by 2020, when a new global climate change agreement is reached.

The means to achieve the objectives laid down in 2007 are:

- a proposal for a directive updating the Community's emissions trading scheme (ETS) <sup>(1)</sup>; a proposal for a decision establishing a Community framework to ensure that national commitments cover emissions not covered by the ETS, taking in sectors of activity such as construction, transport, agriculture and industrial and waste-treatment plant <sup>(2)</sup>;
- a proposal for a directive on the promotion of renewable energy in the European Union <sup>(3)</sup>;
- a proposal for a directive on the development of low-carbon energy technologies, including carbon dioxide capture and sequestration <sup>(4)</sup>.

The package also includes an explanatory communication '20 20 by 2020 — Europe's climate change opportunity' <sup>(5)</sup> and a communication 'Supporting early demonstration of sustainable power generation from fossil fuels' <sup>(6)</sup>.

At its spring meeting the European Council reiterated that the European Union is committed to maintaining international leadership on climate change and energy. It called for a coherent legislative package based on the conclusions of the spring 2007 meeting to be adopted by the beginning of 2009 at the latest. With a view to achieving these objectives, in particular with regard to energy efficiency, on 13 November the Commission adopted the second strategic energy review <sup>(7)</sup>.

The European Council also expressed the view that a key challenge will be to ensure that this transition to a safe and sustainable low-carbon economy is handled in a way that is consistent with EU sustainable development, competitiveness, security of supply, food security, sound and sustainable public finances, and economic and social cohesion.

The European Council of 15 and 16 October reaffirmed its commitment to achieve ambitious targets in this area.

The European Council of 11 and 12 December reached agreement in principle on the energy and climate package and called on the Council to seek agreement with the European Parliament to permit an agreement on first reading on the whole of the package before the end of the year. On 17 December Parliament gave the green light to this package, intended to ensure that the European Union achieves its climate targets by 2020.

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<sup>(1)</sup> COM(2008) 16 (OJ C 118, 15.5.2008).

<sup>(2)</sup> COM(2008) 17 (OJ C 118, 15.5.2008).

<sup>(3)</sup> COM(2008) 19 (OJ C 118, 15.5.2008). See 'Energy and sustainable development' in Chapter II, Section 2, 'Energy', of this Report.

<sup>(4)</sup> COM(2008) 18 (OJ C 118, 15.5.2008).

<sup>(5)</sup> COM(2008) 30 (OJ C 118, 15.5.2008).

<sup>(6)</sup> COM(2008) 13 (OJ C 118, 15.5.2008).

<sup>(7)</sup> See 'Energy and sustainable development' in Chapter II, Section 2, 'Energy', of this Report.

In addition, on 19 November the European Parliament and the Council adopted a directive to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community <sup>(1)</sup>. The new directive aims to reduce the contribution of aviation activities to climate change, in view of the rapid growth the sector is experiencing. It caps aircraft operators' annual emissions at 97 % of historical emissions (based on annual average emissions between 2004 and 2006) between 2012 and 2013 and at 95 % of historical emissions from 2013 onwards.

On 10 July the European Economic and Social Committee published an exploratory opinion on the link between climate change and agriculture at European level, in which it stressed the possible contribution from agriculture to saving the climate.

### ***Protection of the ozone layer***

On 1 August the Commission adopted a communication 'Completing the phase-out of substances that deplete the ozone layer — Better regulation building on 20 years of success'. This was accompanied by a proposal to revise the rules in force in this area <sup>(2)</sup>.

### ***Protection of biodiversity and landscape***

In February the Commission adopted the six lists of Natura 2000 protected zones, adding 90 000 km<sup>2</sup> and more than 4 000 sites to the area protected by the network. On 12 December it adopted eight decisions <sup>(3)</sup> extending the Natura 2000 network by more than 95 000 km<sup>2</sup> and adding 769 new sites. Natura 2000 now covers around 700 000 km<sup>2</sup> and 25 000 sites, making it the world's largest interconnected network of protected sites.

In its conclusions of 3 March, in preparation for the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity, the Council reaffirmed that the European Union is determined to halt the loss of biodiversity on a global level by 2010. It underlined the importance of the enhanced implementation of the convention's and the Natura 2000 network's programmes of work on protected areas.

At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity <sup>(4)</sup> held in Bonn (Germany) from 19 to 30 May, 191 countries agreed to take far-reaching action in order to address the unprecedented loss of global biodiversity. A progress report on 'The economics of ecosystems and biodiversity' was presented at the meeting.

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<sup>(1)</sup> Directive 2008/101/EC (OJ L 8, 13.1.2009).

<sup>(2)</sup> COM(2008) 505.

<sup>(3)</sup> C(2008) 7918, C(2008) 7973, C(2008) 7974, C(2008) 8039, C(2008) 8046, C(2008) 8049, C(2008) 8066 and C(2008) 8119.

<sup>(4)</sup> IP/08/830.

With regard to the protection of coastal waters and areas, on 17 June the European Parliament and the Council adopted the marine strategy directive <sup>(1)</sup> establishing a framework for Community action to ensure the protection and conservation of the marine environment. Each Member State must draw up and implement a strategy for its marine waters to achieve or maintain 'good environmental status' in the marine environment by 2020 at the latest.

In order to combat the pollution of surface waters by dangerous substances, on 16 December the European Parliament and the Council adopted a directive on environmental quality standards for surface waters in the European Union <sup>(2)</sup>, under the framework directive on water. The directive fixes limit values for more than 30 pollutants, including pesticides, heavy metals and biocides.

On the matter of combating illegal logging, on 3 September the Commission signed the first voluntary partnership agreement with Ghana on forest law enforcement, governance and trade (FLEGT). Similar agreements are currently being negotiated with Cameroon, Congo, Indonesia and Malaysia. These agreements provide assurance that forest products imported into the EU are verified to be legal. In addition, the Commission and China have established a bilateral coordination mechanism in order to intensify efforts to combat illegal logging and the associated trade.

On 17 October the Commission adopted a communication 'Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss' <sup>(3)</sup>, setting out its proposals for combating tropical deforestation. With a view to the international negotiations on the post-2012 climate change agreement, the Commission proposes to pursue the objective of halting global forest cover loss by 2030 at the latest and reducing gross tropical deforestation by at least 50 % by 2020. On the same day, the Commission also adopted a proposal for legislation to reduce the risk of illegally harvested timber and timber products entering the Community market <sup>(4)</sup>. The proposed regulation obliges traders to provide adequate guarantees that the wood they market is legal.

On 3 December the Commission also adopted a communication on the EU strategy on invasive species <sup>(5)</sup> and on 16 December a communication 'A mid-term assessment of implementing the EC biodiversity action plan' <sup>(6)</sup>.

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<sup>(1)</sup> Directive 2008/56/EC (OJ L 164, 25.6.2008).

<sup>(2)</sup> Directive 2008/105/EC (OJ L 348, 24.12.2008).

<sup>(3)</sup> COM(2008) 645.

<sup>(4)</sup> COM(2008) 644.

<sup>(5)</sup> COM(2008) 789.

<sup>(6)</sup> COM(2008) 864.



### ***Sustainable use of resources***

On 19 November the framework directive on waste <sup>(1)</sup> was approved by the European Parliament and the Council, introducing a new approach to waste management and prioritising the prevention, reuse and recycling of waste. The directive also clarifies a number of important definitions (for instance, it distinguishes between waste and by-products) and sets the Member States ambitious recycling targets. It provides for national waste prevention programmes and Commission monitoring of these decoupling objectives.

On the same day the Commission adopted a communication 'An EU strategy for better ship dismantling' <sup>(2)</sup>. This includes actions to help implement an international ship recycling convention due to be adopted in May 2009. It also provides for measures to encourage voluntary action by the maritime transport sector and improved implementation of existing Community legislation on waste shipments.

On 3 December the Commission adopted a Green Paper describing the current situation as regards the management of bio-waste in the European Union and proposing options for the future <sup>(3)</sup>. The purpose of the Green Paper is to launch a discussion with a view to possibly drawing up legislation and to help the Commission assess whether the European Union should propose further action.

On the same day the Commission also presented a proposal <sup>(4)</sup> to amend the directive on reducing the environmental impact of waste electrical and electronic equipment (the WEEE directive) <sup>(5)</sup> and a proposal <sup>(6)</sup> to amend the directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (the RoHS directive) <sup>(7)</sup>.

### ***Environment and health***

The air quality directive <sup>(8)</sup> was adopted by the European Parliament and the Council on 21 May. It sets standards and deadlines for the reduction of concentrations of fine particulate matter, which together with larger particulate matter known as PM10 — which is already regulated — is among the most dangerous pollutants for human health. Also in

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<sup>(1)</sup> Directive 2008/98/EC (OJ L 312, 22.11.2008).

<sup>(2)</sup> COM(2008) 767.

<sup>(3)</sup> COM(2008) 811.

<sup>(4)</sup> COM(2008) 810.

<sup>(5)</sup> Directive 2002/96/EC (OJ L 37, 13.2.2003).

<sup>(6)</sup> COM(2008) 809.

<sup>(7)</sup> Directive 2002/95/EC (OJ L 37, 13.2.2003).

<sup>(8)</sup> Directive 2008/50/EC (OJ L 152, 11.6.2008).

the field of air quality, on 4 December the Commission adopted a proposal for a directive obliging service stations to install equipment for Stage II petrol vapour recovery <sup>(1)</sup>.

As regards chemical substances, on 17 June the European Parliament and the Council adopted a regulation that lays down conditions for the export and import of certain dangerous chemicals to and from the European Union in order better to protect human health and the environment at international level <sup>(2)</sup>.

On 22 October they also adopted a regulation on the banning of exports and the safe storage of metallic mercury <sup>(3)</sup>.

### ***Environmental instruments***

In order to maintain and improve the quality and availability of the information required by environmental policy, on 1 February the Commission adopted a communication 'Towards a shared environmental information system (SEIS)' <sup>(4)</sup>. It proposes to modernise and simplify the Community system for the collection, analysis and exchange of environmental information and provides for the gradual replacement of the current, mostly centralised, systems for reporting by systems based on access, sharing and interoperability.

On 2 July the Commission adopted the fifth environment policy review, which reports on the main developments in EU environment policy during 2007 in the four main policy areas of the sixth environment action programme 2002–12 <sup>(5)</sup>.

Under the sustainable consumption and production and sustainable industrial policy action plan <sup>(6)</sup>, on 16 July the Commission presented a range of measures to improve the energy and environmental performance of products and undertakings and to promote sustainable consumption and production. In addition to the proposal to extend the directive on ecodesign <sup>(7)</sup>, the action plan contains:

- a proposal to revise the regulation on a Community eco-label scheme <sup>(8)</sup>, which indicates the most environment-friendly products on the Community market (extending the scheme to a larger number of products and services and simplifying procedures to make it more attractive to manufacturers);

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<sup>(1)</sup> COM(2008) 812.

<sup>(2)</sup> Regulation (EC) No 689/2008 (OJ L 204, 31.7.2008).

<sup>(3)</sup> Regulation (EC) No 1102/2008 (OJ L 304, 14.11.2008).

<sup>(4)</sup> COM(2008) 46 (OJ C 118, 15.5.2008).

<sup>(5)</sup> COM(2008) 409.

<sup>(6)</sup> COM(2008) 397. See 'Small and medium-sized enterprises' in Chapter II, Section 2, 'Innovation and enterprise policy', of this Report.

<sup>(7)</sup> COM(2008) 399. See 'Industrial policy' in Chapter II, Section 2, 'Innovation and enterprise policy', of this Report.

<sup>(8)</sup> COM(2008) 401.

- a proposal to revise the regulation on the voluntary European Union eco-management and audit scheme (EMAS) <sup>(1)</sup>, in order to encourage businesses, and more particularly SMEs, to apply it (by reducing the administrative burden, providing incentives and opening up the scheme to organisations outside the Union); and
- a communication on green public procurement that provides political and operational support to allow public authorities in the EU to use GPP to stimulate innovation in environmental technologies, products and services <sup>(2)</sup>.

On 19 November the European Parliament and the Council adopted a directive on the protection of the environment through criminal law. The directive obliges Member States to provide for effective, proportionate and dissuasive criminal penalties under national law for serious infringements of Community environmental protection law <sup>(3)</sup>.

On 27 October the Commission approved funding of EUR 186 million for 143 new projects under the financial instrument for the environment (LIFE+) for the period 2007–13. The projects cover action in the fields of nature conservation, environmental policy, and information and communication.

### ***International conventions and agreements***

On 31 January the European Parliament adopted a position on the outcome of the Bali Conference on Climate Change, held from 3 to 14 December 2007. It welcomed the decision to launch formal negotiations for an international climate agreement for the post-2012 period under the UN Framework Convention on Climate Change. Parliament urged the Union to continue to play an active role in the forthcoming negotiations.

On 16 October the Commission adopted a report on progress towards achieving the Kyoto objectives <sup>(4)</sup>. The report concludes that the Community will achieve its Kyoto objectives by implementing the planned policies and additional measures.

The United Nations Climate Change Conference was held in Poznań from 1 to 12 December, bringing together the more than 190 countries that are signatories to the United Nations Framework Convention and the Kyoto Protocol. The conference laid the necessary basis for the final year of negotiations that should result in December 2009 in a new international climate agreement, i.e. a work programme to carry forward the negotiations towards an agreement, a detailed examination of the Kyoto Protocol and an agreement on the operationalisation of the adaptation fund and new decisions on tackling deforestation.

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<sup>(1)</sup> COM(2008) 402.

<sup>(2)</sup> COM(2008) 400.

<sup>(3)</sup> Directive 2008/99/EC (OJ L 328, 6.12.2008).

<sup>(4)</sup> COM(2008) 651.

## Agriculture and rural development

### *Content of the common agricultural policy*

In the area of agricultural support schemes, on 14 February the Council adopted a regulation <sup>(1)</sup> simplifying the cross-compliance provisions introduced by the regulation on direct support schemes under the common agricultural policy (CAP) <sup>(2)</sup>.

In accordance with the objective of improving the operation of the common agricultural policy in the light of experience since 2003, presented in its communication 'Preparing for the "health check" of the CAP reform' <sup>(3)</sup> in November 2007, on 20 May the Commission adopted the following proposals <sup>(4)</sup>:

- a proposal for a regulation establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers;
- a proposal for a regulation on modifications to the common agricultural policy by amending Regulations (EC) Nos 320/2006, 1234/2007, 3/2008 and 479/2008;
- a proposal for a regulation amending Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);
- a proposal for a decision amending Decision 2006/144/EC on the Community strategic guidelines for rural development (programming period 2007–13).

Several of these measures, in particular the removal of the set-aside requirement and the gradual increase in milk quotas with a view to their abolition in 2015, should help relieve the pressure on agricultural markets. At the same time, the environmental significance of set-aside is recognised and reinforced by the principle of cross-compliance and the existence of the fund for rural development, with a view to better protection for the environment, as set out in the health check.

On 18 November the Council reached a political agreement on the CAP health check. The health check will modernise, simplify and streamline the CAP and remove restrictions on farmers, thus helping them to respond better to signals from the market and to face new challenges.

The CAP health check was also the subject of a resolution adopted by the European Parliament on 12 March and of the Council conclusions of 17 March. The two institutions stressed the need to intensify the administrative simplification of the CAP. On 5 June the

<sup>(1)</sup> Regulation (EC) No 146/2008 (OJ L 46, 21.2.2008).

<sup>(2)</sup> Regulation (EC) No 1782/2003 (OJ L 270, 21.10.2003).

<sup>(3)</sup> COM(2007) 722 (OJ C 106, 26.4.2008).

<sup>(4)</sup> COM(2008) 306 (OJ C 10, 15.1.2009).

European Parliament also adopted a resolution on the future for young farmers in the light of the current reform of the CAP.

For its part, on 22 October the European Economic and Social Committee adopted an exploratory opinion 'The EU facing the world food challenge', in which it stressed the need to assess the long-term objectives of the CAP.

On more specific matters, on 23 June the Council adopted a regulation establishing national restructuring programmes for the cotton sector <sup>(1)</sup>. This reform of the Community support scheme for cotton 'decouples' 65 % of the aid, while maintaining 35 % linked to cotton production, in the form of area payments. National restructuring programmes are created to facilitate restructuring in the cotton ginning industry and to enhance the quality and marketing of the cotton produced.

On the same day the Council adopted a regulation providing for two support schemes for the smaller Aegean islands (the specific supply arrangements and aid for local agricultural products) <sup>(2)</sup>.

In the area of support schemes for farmers, on 9 October the Council adopted a regulation laying down the eligibility conditions for payment of the bovine premium <sup>(3)</sup>.

In addition, the Commission presented financial reports on the European Agricultural Guarantee Fund (EAGF) <sup>(4)</sup> (26 September) and on the European Agricultural Fund for Rural Development (EAFRD) <sup>(5)</sup> (30 September) for the 2007 financial year.

The Member States set up a website containing information on payments to beneficiaries from the EAGF and the EAFRD <sup>(6)</sup>.

### ***Rural development***

On 15 July the Council amended <sup>(7)</sup> the decision laying down the amount of Community support for rural development for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the convergence objective <sup>(8)</sup>. With this amendment, the allocations which were not used in 2007 are reallocated to the period from 1 January 2008 to 31 December 2013.

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<sup>(1)</sup> Regulation (EC) No 637/2008 (OJ L 178, 5.7.2008).

<sup>(2)</sup> Regulation (EC) No 615/2008 (OJ L 168, 28.6.2008).

<sup>(3)</sup> Regulation (EC) No 1009/2008 (OJ L 276, 17.10.2008).

<sup>(4)</sup> COM(2008) 587.

<sup>(5)</sup> COM(2008) 589.

<sup>(6)</sup> See 'Transparency in financial matters' in Chapter I, Section 1, 'Transparency', of this Report.

<sup>(7)</sup> Decision 2008/584/EC (OJ L 188, 16.7.2008).

<sup>(8)</sup> Decision 2006/493/EC (OJ L 195, 15.7.2006).

On 17 October the Commission launched the European network for rural development <sup>(1)</sup>. The network, bringing together policymakers, administrators, academics and other key actors in the area of rural development from across the European Union, will make it easier for them to share ideas, information and experience, so the European Union's rural development policy can continue to respond to the demands of the 21st century.

### ***Product quality***

On 29 September the Council amended <sup>(2)</sup> the regulation on organic production and labelling of organic products <sup>(3)</sup>, which will apply from 1 January 2009. The amendment postpones until 1 July 2010 the compulsory use of the Community logo on pre-packaged food.

On 15 October the Commission adopted a Green Paper 'Agricultural product quality: Product standards, farming requirements and quality schemes' <sup>(4)</sup>. The Green Paper launches a public consultation on the development of agricultural product quality policy. It looks at the range of standards, quality and certification programmes and labelling schemes currently operating in the European Union. It also examines what could be done better to exploit the strengths of EU farming and better to inform consumers about the products on offer.

### ***Agricultural prices and related measures***

On 20 May the Commission adopted the communication 'Tackling the challenge of rising food prices — Directions for EU action' <sup>(5)</sup>. This communication examines the various temporary and structural factors underpinning the recent surge in food prices, looks at expected future price trends and provides an overview of impacts at country and household levels, both within the EU and worldwide. It sets out proposals for action by the European Union to deal with the increase in food prices. These pursue three complementary lines of intervention: actions to mitigate the short- and medium-term effects of the food price shock, actions to increase agricultural supply and ensure food security in the longer term and actions to contribute to the global effort to tackle the effects of the price rises on poor populations.

In its resolution of 22 May on rising food prices the European Parliament stressed the fundamental nature of the right to food and the need to improve access for all people at all times to enough food for an active, healthy life.

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<sup>(1)</sup> IP/08/1525.

<sup>(2)</sup> Regulation (EC) No 967/2008 (OJ L 264, 3.10.2008).

<sup>(3)</sup> Regulation (EC) No 834/2007 (OJ L 189, 20.7.2007).

<sup>(4)</sup> COM(2008) 641.

<sup>(5)</sup> COM(2008) 321 (OJ C 10, 15.1.2009).

Accordingly, on 18 July the Commission proposed the creation of a special financial instrument with a budget of EUR 1 billion to aid farmers in the developing countries <sup>(1)</sup>. The European Parliament and the Council adopted the proposal on 16 December <sup>(2)</sup>.

On 17 September the Commission adopted a proposal revising the Community food aid programme for the most deprived persons in the Community <sup>(3)</sup>. The Commission suggests simplifying administrative procedures for the scheme and improving governance.

Further to its communication of 20 May and in response to a request from the June European Council for the Commission to examine the reasons for the increase in food prices, the Commission adopted a communication on 9 December <sup>(4)</sup>. It looks at food prices in Europe and sets out a roadmap to improve the functioning of the food supply chain.

### ***Single common market organisation***

A number of proposals amending and simplifying the legislation in force were adopted into law in 2008 concerning spirit drinks, milk, flax and hemp, wine, tobacco and cotton.

Concerning spirit drinks, on 15 January the European Parliament and the Council adopted a regulation <sup>(5)</sup> on the definition, description, presentation, labelling and protection of geographical indications of spirit drinks, and repealing the existing regulation <sup>(6)</sup>. The new regulation should help producers to market their products while providing greater clarity for consumers.

With regard to milk and milk products, on 17 March the Council adopted a regulation increasing EU milk production by 2 % from 1 April <sup>(7)</sup>. In addition, on 17 October the Commission launched the Community school milk campaign, to promote good eating habits.

In the flax and hemp sector, on 17 March the Council adopted a regulation extending the current aid scheme for a further marketing year <sup>(8)</sup>.

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<sup>(1)</sup> COM(2008) 450. See 'General' in Chapter V, Section 3, 'Development policy', of this Report.

<sup>(2)</sup> Regulation (EC) No 1337/2008 (OJ L 354, 31.12.2008).

<sup>(3)</sup> COM(2008) 563.

<sup>(4)</sup> COM(2008) 821.

<sup>(5)</sup> Regulation (EC) No 110/2008 (OJ L 39, 13.2.2008).

<sup>(6)</sup> Regulation (EEC) No 1576/89 (OJ L 160, 12.6.1989).

<sup>(7)</sup> Regulation (EC) No 248/2008 (OJ L 76, 19.3.2008).

<sup>(8)</sup> Regulation (EC) No 247/2008 (OJ L 76, 19.3.2008).

As regards wine, on 29 April the Council adopted a regulation reforming the Community common organisation of the market in wine <sup>(1)</sup>. This wine reform should boost the competitiveness of European wines.

In the tobacco sector, on 26 May the Council adopted a regulation amending the legislation in force in order to transfer an amount equal to 5 % of tobacco aid granted for the years 2008 and 2009 to the Community tobacco fund <sup>(2)</sup>.

In accordance with the approach employed when adopting the regulation on the single common market organisation (CMO) in October 2007 <sup>(3)</sup>, which aims to rationalise and simplify the legal framework of the CAP without amending the policies concerned (replacing 21 common market organisations by a single CMO), on 14 April the Council adopted an amending regulation <sup>(4)</sup>. This incorporates into the single CMO the provisions adopted for sugar, seeds, milk and milk products and beef and veal and amendments to the rules on fruit and vegetables.

Following the reform of the Community wine sector, which was completed with the publication of the regulation of 29 April (see above), on 29 July the Commission proposed an amendment to the single CMO to incorporate the amendments made in that sector <sup>(5)</sup>. In addition, on 26 September the Commission adopted a recommendation with a view to opening negotiations with the International Organisation of Vine and Wine on the possible accession of the Community <sup>(6)</sup>.

The Commission also adopted the following proposals concerning poultrymeat, flax and hemp, fruit and vegetables and dried fodder.

- On 28 May it adopted a proposal for a regulation amending Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets as regards the marketing standards for poultrymeat <sup>(7)</sup>.
- On 20 May it adopted a report on the flax and hemp sector <sup>(8)</sup>, which assesses the impact of processing aid on producers, the processing industry and the market for textile fibre.
- On 8 July the Commission proposed a regulation establishing a policy and funding framework for Member State initiatives aimed at durably increasing the share of fruit and vegetables in the diets of children, at the stage when their eating habits are formed <sup>(9)</sup>. The proposed programme comprises measures such as the free distribu-

<sup>(1)</sup> Regulation (EC) No 479/2008 (OJ L 148, 6.6.2008).

<sup>(2)</sup> Regulation (EC) No 470/2008 (OJ L 140, 30.5.2008).

<sup>(3)</sup> Regulation (EC) No 1234/2007 (OJ L 299, 16.11.2007).

<sup>(4)</sup> Regulation (EC) No 361/2008 (OJ L 121, 7.5.2008).

<sup>(5)</sup> COM(2008) 489.

<sup>(6)</sup> COM(2008) 577.

<sup>(7)</sup> COM(2008) 336 (OJ C 10, 15.1.2009).

<sup>(8)</sup> COM(2008) 307 (OJ C 10, 15.1.2009).

<sup>(9)</sup> COM(2008) 442.



tion of fruit and vegetables in schools and the promotion of agricultural products. The Council adopted the regulation on 18 December <sup>(1)</sup>.

- On 19 September the Commission presented a report on the dried fodder sector <sup>(2)</sup>, dealing, in particular, with the development of areas of leguminous and other green fodder, the production of dried fodder and the achieved savings of fossil fuels.
- On 12 November it proposed to repeal the marketing standards applicable to 26 types of fruit and vegetables. However, marketing standards will be maintained for 10 types of fruit and vegetables. The amendments will apply from 1 July 2009 <sup>(3)</sup>.

## Fisheries and maritime affairs

### *Content of the common fisheries policy*

On 30 May the Commission published its annual policy statement on fishing opportunities for 2009, outlining the approach it intends to take when setting total allowable catches (TACs) and fishing effort limitations for 2009 <sup>(4)</sup>. The Commission proposes greater flexibility in changing TACs from year to year to ensure that stock recovery measures are more effective and that fishermen have greater fishing opportunities when stocks recover.

On 11 April the Commission also adopted a communication on the role of the common fisheries policy (CFP) in implementing an ecosystem approach to marine management <sup>(5)</sup>. The aim of this approach to fisheries management is to limit the direct and indirect impact of fisheries on marine ecosystems and ensure that measures adopted in the fisheries sector are in accordance with measures adopted under the intersectoral instruments constituted by the marine strategy <sup>(6)</sup> and the habitats directive <sup>(7)</sup>.

With regard to the prevention of illegal, unreported and unregulated fishing, on 23 June the Council adopted a Commission recommendation on negotiations for the elaboration of an international legally binding instrument on port state measures to prevent, deter and eliminate such practices <sup>(8)</sup>.

On 29 September the Council adopted a regulation establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing <sup>(9)</sup>. This regula-

<sup>(1)</sup> Regulation (EC) No 13/2009 (OJ L 5, 9.1.2009).

<sup>(2)</sup> COM(2008) 570.

<sup>(3)</sup> IP/08/1694.

<sup>(4)</sup> COM(2008) 331 (OJ C 10, 15.1.2009).

<sup>(5)</sup> COM(2008) 187 (OJ C 202, 8.8.2008).

<sup>(6)</sup> COM(2005) 505 (OJ C 49, 28.2.2006).

<sup>(7)</sup> Directive 92/43/EEC (OJ L 206, 22.7.1992).

<sup>(8)</sup> COM(2008) 333 (OJ C 10, 15.1.2009).

<sup>(9)</sup> Regulation (EC) No 1005/2008 (OJ L 286, 29.10.2008).

tion aims to ensure the viability of fish stocks and improve the situation of Community fishermen facing unfair competition from illegal products, but also to respond to consumer demand for products fished in a fair and sustainable manner.

On the same day, the Council adopted a regulation updating the system of authorisations for fishing activities of Community fishing vessels outside Community waters and of third-country vessels in Community waters <sup>(1)</sup>. The new system is intended to better align Community authorisation procedures with international obligations deriving from bilateral and multilateral fisheries agreements and conventions adopted in the framework of regional fisheries management organisations.

On 14 November the Commission proposed a comprehensive reform of the control system underlying the CFP. It adopted a communication <sup>(2)</sup> together with a proposal for a regulation <sup>(3)</sup> establishing a Community system for inspection, monitoring, control, surveillance and enforcement with a global and integrated approach so as to ensure compliance with all rules of the CFP in order to provide for the sustainable exploitation of living aquatic resources by covering all aspects of the policy.

On 25 February the Council adopted the new Community framework for the collection, management and use of data in the fisheries sector and support for scientific advice regarding the common fisheries policy <sup>(4)</sup>. This improves the system for the collection of data and is intended to cover the whole process from the collection of data at ports or at sea to their use by the end-users. In addition, it aims to develop multiannual sampling programmes covering, in particular, biological, socioeconomic and ecosystem data.

On 19 June, the European Parliament adopted a resolution on the situation in the fisheries sector caused by rising fuel prices. In order to tackle this, on 8 July the Commission presented measures to support the adaptation of the European Union fishing fleets to the economic consequences of high fuel prices <sup>(5)</sup>. Measures are proposed in the following areas: the adaptation of the fleet towards economic and environmental sustainability, research into energy efficiency in the fisheries sector, and market measures, including measures to increase the first sale value of fish.

For its part, on 24 July the Council adopted a regulation instituting a temporary specific action aiming to promote the restructuring of the European Community fishing fleets affected by the economic crisis <sup>(6)</sup>. The regulation makes the necessary amendments to the rules governing the European Fisheries Fund for a period of two years.

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<sup>(1)</sup> Regulation (EC) No 1006/2008 (OJ L 286, 29.10.2008).

<sup>(2)</sup> COM(2008) 718.

<sup>(3)</sup> COM(2008) 721.

<sup>(4)</sup> Regulation (EC) No 199/2008 (OJ L 60, 5.3.2008).

<sup>(5)</sup> COM(2008) 453.

<sup>(6)</sup> Regulation (EC) No 744/2008 (OJ L 202, 31.7.2008).

### **Conservation and management of fishery resources**

Numerous proposals were put forward by the Commission and adopted by the Council in this field in 2008 with a view to protecting fishery resources. For example, the Commission proposed a regulation concerning the conservation of fisheries resources through technical measures <sup>(1)</sup> (4 June) and a regulation fixing for 2009 the fishing opportunities for certain fish stocks in Community waters and for Community vessels in waters subject to catch limitations <sup>(2)</sup> (7 November).

Meanwhile, the Council, on the basis of Commission proposals, adopted a regulation fixing for 2008 the fishing opportunities for certain fish stocks <sup>(3)</sup> (16 January) and a regulation providing for the adaptation of cod fishing quotas to be allocated to Poland in the Baltic Sea from 2008 to 2011 <sup>(4)</sup> (14 April). It also adopted regulations fixing for 2009 fishing opportunities in the Black Sea <sup>(5)</sup> (10 November) and the Baltic Sea <sup>(6)</sup> (28 November), a regulation fixing for 2009 and 2010 the fishing opportunities for Community fishing vessels for certain deep-sea fish stocks <sup>(7)</sup> (28 November), a regulation amending the regulation on the management of fishing fleets registered in the Community's outermost regions <sup>(8)</sup> (28 November) and a regulation amending the regulation fixing the fishing opportunities in the Black Sea for 2008 <sup>(9)</sup> (4 December). The Council also adopted a regulation fixing for the 2009 fishing year the guide prices and Community producer prices for certain fishery products <sup>(10)</sup> (9 December), a regulation establishing a long-term plan for cod stocks <sup>(11)</sup>, a regulation establishing a multiannual plan for the stock of herring distributed to the west of Scotland <sup>(12)</sup> and a regulation amending the plan for the recovery of cod stocks <sup>(13)</sup> (18 December).

On 29 May the Council amended <sup>(14)</sup> the regulation laying down conservation and enforcement measures applicable in the regulatory area of the North-West Atlantic Fisheries Organisation <sup>(15)</sup>.

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<sup>(1)</sup> COM(2008) 324 (OJ C 10, 15.1.2009).

<sup>(2)</sup> COM(2008) 709.

<sup>(3)</sup> Regulation (EC) No 40/2008 (OJ L 19, 23.1.2008).

<sup>(4)</sup> Regulation (EC) No 338/2008 (OJ L 107, 17.4.2008).

<sup>(5)</sup> Regulation (EC) No 1139/2008 (OJ L 308, 19.11.2008).

<sup>(6)</sup> Regulation (EC) No 1322/2008 (OJ L 345, 23.12.2008).

<sup>(7)</sup> Regulation (EC) No 1359/2008 (OJ L 352, 31.12.2008).

<sup>(8)</sup> Regulation (EC) No 1207/2008 (OJ L 327, 5.12.2008).

<sup>(9)</sup> Regulation (EC) No 1257/2008 (OJ L 338, 17.12.2008).

<sup>(10)</sup> Regulation (EC) No 1299/2008 (OJ L 344, 20.12.2008).

<sup>(11)</sup> Regulation (EC) No 1342/2008 (OJ L 348, 24.12.2008).

<sup>(12)</sup> Regulation (EC) No 1300/2008 (OJ L 344, 20.12.2008).

<sup>(13)</sup> COM(2008) 162 (OJ C 202, 8.8.2008).

<sup>(14)</sup> Regulation (EC) No 538/2008 (OJ L 157, 17.6.2008).

<sup>(15)</sup> Regulation (EC) No 1386/2007 (OJ L 318, 5.12.2007).

To promote production in the outermost regions, on 8 July the Council adopted a regulation opening and providing for the administration of autonomous Community tariff quotas on imports of certain fishery products into the Canary Islands <sup>(1)</sup>.

### ***Fisheries agreements with non-member countries and multilateral relations***

In 2008 fisheries partnership agreements were concluded with Côte d'Ivoire <sup>(2)</sup> and Guinea-Bissau <sup>(3)</sup> (17 March).

### ***Maritime policy***

On 26 June the Commission adopted a communication 'Guidelines for an integrated approach to maritime policy: Towards best practice in integrated maritime governance and stakeholder consultation' <sup>(4)</sup>. As part of its efforts to promote steps towards integrated maritime policymaking at different levels of governance, the Commission will provide information about action in this direction at global, European, Member State and regional levels, in order to facilitate this process and provide guidance to stakeholders looking for models of best practice. By means of the roadmap <sup>(5)</sup>, presented on 25 November, the Commission aims to encourage maritime spatial planning in Europe in order to resolve problems relating to the use of the sea.

In addition, on 15 July the Council adopted a regulation intended to improve the protection of vulnerable marine ecosystems in the high seas from the adverse impacts of bottom fishing gears <sup>(6)</sup>. It includes measures such as introducing a special fishing permit, relevant monitoring measures and a precautionary protected boundary within the water column.

### ***Further developments***

In order to boost the implementation of the European Union's integrated maritime policy and the common fisheries policy, the Commission reorganised the Directorate-General for Maritime Affairs and Fisheries <sup>(7)</sup>. The main change involves the setting-up of three geographic directorates responsible for managing both the common fisheries policy and the new EU integrated maritime policy in Europe's three main maritime regions. These are complemented by a new directorate in charge of coordination and policy development.

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<sup>(1)</sup> Regulation (EC) No 645/2008 (OJ L 180, 9.7.2008).

<sup>(2)</sup> Regulation (EC) No 242/2008 (OJ L 75, 18.3.2008).

<sup>(3)</sup> Regulation (EC) No 241/2008 (OJ L 75, 18.3.2008).

<sup>(4)</sup> COM(2008) 395 (OJ C 10, 15.1.2009).

<sup>(5)</sup> COM(2008) 791.

<sup>(6)</sup> Regulation (EC) No 734/2008 (OJ L 201, 30.7.2008).

<sup>(7)</sup> IP/08/471.

### **General references and other useful links**

- Directorate-General for the Environment:  
[http://ec.europa.eu/environment/index\\_en.htm](http://ec.europa.eu/environment/index_en.htm)
- Sustainable development:  
<http://ec.europa.eu/environment/eussd/>
- Climate change:  
[http://europa.eu/press\\_room/press\\_packs/climate/index\\_en.htm](http://europa.eu/press_room/press_packs/climate/index_en.htm)  
[http://ec.europa.eu/environment/climat/home\\_en.htm](http://ec.europa.eu/environment/climat/home_en.htm)
- Directorate-General for Agriculture and Rural Development:  
[http://ec.europa.eu/agriculture/index\\_en.htm](http://ec.europa.eu/agriculture/index_en.htm)
- Directorate-General for Maritime Affairs and Fisheries:  
[http://ec.europa.eu/dgs/fisheries/index\\_en.htm](http://ec.europa.eu/dgs/fisheries/index_en.htm)

### *Section 3*

## **Promoting common values within the European Union**

### **Background**

*The European Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law. Against this background, in 2007 the European Union Agency for Fundamental Rights was established and its multiannual framework for the period 2007–12 adopted.*

*The values defended by the Union also include cultural diversity, for which the institutions have adopted an agenda accompanied by new methods and partnerships. The year 2008 was also designated as the European Year of Intercultural Dialogue.*

## **Protecting fundamental rights and combating discrimination**

### **Protecting fundamental rights and children's rights**

As regards children's rights, on 2 September the European Parliament adopted a declaration on emergency cooperation in recovering missing children. It called on Member States to introduce a missing-child alert system and reach cooperation agreements with

all bordering states to ensure the capability of raising an alert rapidly across any relevant territories. On 21 October it also adopted a declaration on combating the trafficking of children, calling on the Member States to recognise the fight against child trafficking as a priority objective of their national child protection policies.

### ***European Union Agency for Fundamental Rights***

On 28 February the Council adopted a decision <sup>(1)</sup> establishing a multiannual framework for the European Union Agency for Fundamental Rights for 2007–12, which precisely defines the Agency's thematic areas of activity.

On the same day it approved the conclusion of an agreement between the European Community and the Council of Europe <sup>(2)</sup> on cooperation between the Agency and the Council of Europe.

On 19 September the Commission adopted a proposal for a decision <sup>(3)</sup> on the participation of Croatia as an observer in the Agency's work.

### ***Combating discrimination***

On 2 July, as part of the renewed social agenda, the Commission presented a communication 'Non-discrimination and equal opportunities: A renewed commitment' <sup>(4)</sup>. This was accompanied by a proposal for a directive <sup>(5)</sup> to tackle discrimination on grounds of religion or belief, disability, age or sexual orientation and to implement the principle of equal treatment outside the field of employment.

On 18 September the European Economic and Social Committee adopted an own-initiative opinion on anti-discrimination measures for areas outside employment and the case for a single comprehensive anti-discrimination directive.

The second European Equal Opportunities Summit was held in Paris on 29 and 30 September. It gave the key players an opportunity for an exchange of views on the effective application of the principles of non-discrimination in the European Union and was also the occasion for an analysis of the results of the European Year of Equal Opportunities for All (2007).

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<sup>(1)</sup> Decision 2008/203/EC (OJ L 63, 7.3.2008).

<sup>(2)</sup> Decision 2008/578/EC (OJ L 186, 15.7.2008).

<sup>(3)</sup> COM(2008) 571.

<sup>(4)</sup> COM(2008) 420.

<sup>(5)</sup> COM(2008) 426.

Matters relating to equal treatment in employment are covered in 'Social dimension' in Section 1 of this chapter <sup>(1)</sup>.

### ***Measures within the European Union***

The European summit in December 2007 raised the question of the situation of the Roma, and in its resolution of 31 January the European Parliament urged the Commission to develop a European framework strategy on Roma inclusion.

In response, the Commission took stock of the Community instruments and policies aimed at the Roma community in Europe <sup>(2)</sup> in the context of the renewed social agenda <sup>(3)</sup> (2 July). It reiterated its commitment to improving the situation of the Roma community and noted that the Roma are subject to persistent discrimination, both individual and institutional, and far-reaching social exclusion. This is a complex problem which requires a complex response, taking account of all aspects. However, the main priorities are relatively clear: education, employment, health and housing.

On 9 July the European Economic and Social Committee also delivered an exploratory opinion on 'Integration of minorities — Roma', and on 10 July the European Parliament adopted a resolution on the census of the Roma on the basis of ethnicity in Italy.

The first European summit on the Roma was held in Brussels on 16 September and examined the shortcomings in the implementation of the instruments and policies designed to tackle Roma exclusion highlighted by the Commission in its July report. The results of the discussions and the conclusions of the summits were examined by the Council on 8 December.

## **Rights associated with Union citizenship**

On 15 February the Commission presented its three-yearly report <sup>(4)</sup> on Union citizenship. The report assesses the application of the rights granted to the Union's citizens by the Treaty establishing the European Community during the period from 1 May 2004 to 30 June 2007. It looks in particular at the right to move and reside freely within the territory of the Member States, the right to vote and stand as a candidate in municipal elections in the Member State of residence, the right to petition the European Parliament, and the right to apply to the European Ombudsman.

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<sup>(1)</sup> See 'Equal treatment in employment' in Chapter III, Section 1, 'Social dimension', of this Report.

<sup>(2)</sup> SEC(2008) 2172.

<sup>(3)</sup> COM(2008) 420. See 'Renewed social agenda' in Chapter III, Section 1, 'Social dimension', of this Report.

<sup>(4)</sup> COM(2008) 85 (OJ C 207, 14.8.2008).

## European Group on Ethics in Science and New Technologies

In January the European Group on Ethics in Science and New Technologies (EGE) adopted an opinion on the ethical aspects of animal cloning for food supply. In particular, it addressed questions relating to food safety, animal welfare and health, biodiversity and sustainability, global trade in agricultural commodities, traceability and labelling.

In December an opinion was also adopted on the ethics of modern developments in agricultural technologies. The subjects covered include green biotechnology, food safety, security and sustainability, global trade in agricultural commodities and CAP reform.

These two opinions take account of the conclusions of a large number of meetings, and in particular of two public round tables organised in June to fine-tune the work of the group and encourage the participation of civil society. The round tables enabled it to collect the necessary information on the ethical, legislative and social aspects of the subjects under discussion.

During the year the EGE participated in the preparation of Commission initiatives in the field of bioethics and the ethics of science and new technologies, and in the work of international organisations. It also met national ethics committees (NECs) at the NEC Forum of the 27 Member States (Slovenian and French Presidencies). Finally, it contributed to the preparation of the international dialogue which is to bring together representatives of 42 countries in February 2009 to discuss the ethics of science and bioethics.

## Culture

The European Year of Intercultural Dialogue was officially launched in Ljubljana (Slovenia) on 8 January. Throughout the year a multitude of activities were organised across Europe to highlight the interaction of cultures, to deepen relations between nationalities and religions, and through dialogue to help reinforce understanding, tolerance and solidarity.

Progress was also made in implementing the European 'agenda for culture' <sup>(1)</sup> published by the Commission in May 2007, with the focus on the three objectives laid down: promotion of cultural diversity and intercultural dialogue, promotion of culture as a catalyst for creativity in the framework of the Lisbon strategy for growth and jobs, and promotion of culture as a vital element in the Union's international relations.

In this connection the Member States agreed to step up their cooperation at European level, in particular by creating four expert groups to ensure the exchange of best practices and mutual learning.

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(1) COM(2007) 242 (OJ C 181, 3.8.2007).



These four groups are concerned with issues of crucial importance for culture in Europe: the potential of the cultural and creative industries, in particular that of SMEs; promoting synergies between culture and education; boosting the mobility of artists and professionals in the cultural field; and increasing the mobility of museum collections.

At the same time, the culture sector also contributed by creating two platforms on access to culture and the culture industries, supplementing a platform on intercultural dialogue set up for the European Year in 2008.

In 2008 the Commission presented its assessments of certain culture programmes: on 29 April it adopted a report on the implementation of the Culture 2000 programme <sup>(1)</sup>, followed on 5 May by a report on the implementation of the Community action programme to promote bodies active at European level in the field of culture <sup>(2)</sup>.

Under the Culture 2007–13 programme, Stavanger and Liverpool were selected as European Capitals of Culture for 2008.

Furthermore, on 20 November the Council adopted conclusions on the creation by the European Union of a European heritage label, in order to emphasise in a concrete way the common history of Europe. On the same day it also adopted conclusions on the contribution of culture to sustainable development and on promoting cultural diversity and intercultural dialogue in the external relations of the Union and its Member States.

## **Youth, active citizenship and sport**

### ***Youth policy***

On 3 July, as part of the renewed social agenda <sup>(3)</sup>, the Commission proposed a recommendation on the mobility of young volunteers across Europe <sup>(4)</sup>. While the primary objective of the proposed initiative is to enhance the mobility of young cross-border volunteers, its specific objectives are to improve awareness of the opportunities for cross-border volunteering by young people, to increase the exchange opportunities for young volunteers, to ensure a reasonable level of quality, to recognise the skills and competences acquired by young volunteers, to provide targeted support for socioeducational instructors and youth leaders working with young cross-border volunteers, and to encourage young people with fewer opportunities to volunteer abroad. This recommendation was adopted by the Council on 20 November.

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<sup>(1)</sup> COM(2008) 231.

<sup>(2)</sup> COM(2008) 234.

<sup>(3)</sup> COM(2008) 420. See 'Renewed social agenda' in Chapter III, Section 1, 'Social dimension', of this Report.

<sup>(4)</sup> COM(2008) 424.

Young people with fewer opportunities also played a major part in youth policy in 2008. Their participation was the subject of an exchange of best practices among Member States, a conference and discussions at the youth event organised by the Slovenian Presidency in April. The political messages emerging from this process as a whole were submitted to the Council at its meeting on 21 and 22 May.

In connection with the implementation of the Lisbon strategy, the European Council's March conclusions enshrined the key messages on youth sent out by the Council. In particular, the European Council emphasised the need to continue to devote attention to youth employment, especially the transition from study to employment, by implementing the European Youth Pact.

On 2 September the European Parliament adopted a declaration on devoting more attention to youth empowerment in EU policies. It called on the Member States to focus on youth when implementing the Lisbon national reform programmes in the context of the Lisbon strategy and to take youth into account in the relevant policy fields.

Young people's health was another key theme of youth policy in 2008, and on 20 November the Council adopted a resolution on the health and well-being of young people.

As regards structured dialogue, two priority areas were launched in 2008: intercultural dialogue and 'future challenges for young people'. Two events were held. The first, under the Slovenian Presidency, brought together young people to discuss the participation of young people with fewer opportunities. The second, organised in Marseille by the French Presidency, gave young people, including some representing countries on the southern shores of the Mediterranean, an opportunity to discuss intercultural dialogue.

A youth week was also organised in November, involving thousands of young people throughout Europe. Its results provided the Commission with food for thought with a view to the future European framework for cooperation on youth.

On 26 June the Commission also adopted a report 'Final evaluation of the "Youth" Community action programme (2000–06) and the Community action programme to promote bodies active at European level in the field of youth (2004–06)'<sup>(1)</sup>.

### ***Active citizenship***

Visits to the Commission constitute a key instrument for connecting with citizens. In 2008 nearly 1 400 groups, representing some 43 000 visitors, attended just over 3 000 presentations on the functioning of the Commission and the main policies it administers.

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<sup>(1)</sup> COM(2008) 398 (OJ C 10, 15.1.2009).

The Commission also adopted two decisions offering Albania (10 September) and the former Yugoslav Republic of Macedonia (27 November) draft agreements laying down the terms and conditions for their participation in the 'Europe for citizens' programme from 2009.

## **Sport**

Implementation of the White Paper on sport <sup>(1)</sup> continued during the year. Of the 53 actions under the Pierre de Coubertin action plan, 27 were ongoing. Two studies were launched, on sports agents and voluntary activities (including sport). Progress was made with regard to measuring the economic impact of sport, and a guide to physical activity in the European Union was published in November.

The results of an independent study analysing the problem of the Union of European Football Associations (UEFA) with regard to the rules on locally trained players were published on 28 May. The Commission concluded that the rules drawn up by UEFA in this area are compatible with the provisions of the EC Treaty on freedom of movement.

## **General references and other useful links**

- Human rights:  
[http://europa.eu/pol/rights/index\\_en.htm](http://europa.eu/pol/rights/index_en.htm)
- Culture:  
[http://ec.europa.eu/culture/index\\_en.htm](http://ec.europa.eu/culture/index_en.htm)
- European Year of Intercultural Dialogue:  
[http://ec.europa.eu/youth/index\\_en.htm](http://ec.europa.eu/youth/index_en.htm)
- Youth:  
[http://ec.europa.eu/youth/index\\_en.htm](http://ec.europa.eu/youth/index_en.htm)
- Active citizenship:  
[http://ec.europa.eu/citizenship/index\\_en.htm](http://ec.europa.eu/citizenship/index_en.htm)
- Sport:  
[http://ec.europa.eu/sport/index\\_en.htm](http://ec.europa.eu/sport/index_en.htm)
- European Group on Ethics in Science and New Technologies:  
[http://ec.europa.eu/european\\_group\\_ethics/index\\_en.htm](http://ec.europa.eu/european_group_ethics/index_en.htm)

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(1) COM(2007) 391 (OJ C 4, 9.1.2008).

## Chapter IV

# Security and freedom

## Section 1

### European area of freedom, security and justice

#### **Background**

*One of the European Union's core objectives is to provide its citizens with an area of freedom, security and justice without internal borders. To this end, the Hague programme, covering the period 2005–10, addresses all aspects of policies in this area, including the external dimension.*

*Assessment of the implementation of the Hague programme has highlighted the substantial progress made in 2007: the European arrest warrant, which has become operational in all Member States, extension of the Schengen area to include nine new Member States, and the preparation of a more harmonised legislative framework for a future European asylum system.*

## Implementing the Hague programme

The third annual progress report on achievements in 2007 in justice, freedom and security policy was adopted by the Commission on 2 July <sup>(1)</sup>. The report recorded considerable achievements both in migration and border management, and in civil justice. The findings also confirmed the need to improve decision-making in the areas covered by the 'third pillar' (police cooperation and criminal justice), with the exception of the fight against terrorism.

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<sup>(1)</sup> COM(2008) 373.

## European law-enforcement area

### *General*

In its communication of 30 May 'Towards a European e-justice strategy' <sup>(1)</sup>, the Commission proposes the use of information and communication technologies in the field of justice. The aim of e-justice, which concerns both criminal and civil justice, is to improve citizens' access to justice and cooperation among judicial authorities and, more generally, to make legal action more efficient and effective. The communication advocates practical measures accompanied by realistic planning and adequate financing measures for the development of e-justice projects both at European and at national levels. At its meeting on 27 and 28 November the Council adopted an action plan on e-justice, aimed at structuring work in this area.

On 15 April, in order to promote dialogue between the Commission and stakeholders in the justice systems of the Member States, the Commission also launched a forum for discussing EU justice policies and practice. The forum brings together representatives of all professions involved in the justice systems, delegates from NGOs, the Council of Europe, the European Union Agency for Fundamental Rights and other bodies. Its central aim, form, composition and working methods are set out in a Commission communication of 4 February <sup>(2)</sup>.

As part of the fight against corruption, on 25 September the Council also adopted a decision <sup>(3)</sup> on the conclusion, on behalf of the European Community, of the United Nations Convention Against Corruption (UNCAC). The Commission ratified the convention on 11 November. On 24 October the Council adopted a decision on a European contact-point network against corruption <sup>(4)</sup>. The objective of the decision is to strengthen cooperation between authorities and agencies to prevent and combat corruption in Europe. The network will facilitate the exchange throughout the European Union of information on effective measures and experience in the prevention and combating of corruption.

Also, at its meeting on 27 and 28 November, the Council adopted a resolution on the establishment of a network for legislative cooperation between the justice ministries of the EU Member States. The network will provide ministries with a forum for the rapid, reliable and flexible exchange of information on their legislation, their legal systems and reforms under way, thus making a tangible contribution to European integration in the field of justice.

<sup>(1)</sup> COM(2008) 329 (OJ C 10, 15.1.2009).

<sup>(2)</sup> COM(2008) 38 (OJ C 118, 15.5.2008).

<sup>(3)</sup> Decision 2008/801/EC (OJ L 287, 29.10.2008).

<sup>(4)</sup> Decision 2008/852/JHA (OJ L 301, 12.11.2008).

At bilateral level, on 23 July the Commission adopted two reports on progress in Bulgaria <sup>(1)</sup> and Romania <sup>(2)</sup> under the cooperation and verification mechanism established when both countries acceded to the European Union. The reports, designed to allow those countries to give a regular account of the progress made in reforming their judicial systems and in the fight against corruption and organised crime, present a mixed picture. The cooperation and verification mechanism will therefore have to be maintained for a certain time. The Council endorsed the analysis contained in the reports in its conclusions of 15 September.

### ***Civil and commercial justice***

Several legislative proposals on judicial cooperation in civil and commercial matters were adopted in 2008.

In the field of mediation in civil and commercial matters, on 21 May the European Parliament and the Council adopted a directive designed to facilitate access to alternative dispute resolution and to promote the amicable settlement of disputes by encouraging the use of mediation and by ensuring a balanced relationship between mediation and judicial proceedings <sup>(3)</sup>.

On 17 June, in order to ensure greater legal certainty and greater access to justice for European citizens and businesses, the European Parliament and the Council adopted a regulation on the law applicable to contractual obligations (Rome I) <sup>(4)</sup>. The regulation, building on the fundamental principle that the governing law of a contract is that agreed by the contracting parties, provides EU citizens and businesses with the certainty that they can enter into a contract in the knowledge that courts in all the Member States will apply the same principles on any cross-border elements of contractual disputes.

On 6 March the Commission adopted a Green Paper on effective enforcement of judgments in the European Union, launching a stakeholders' consultation on how to improve the transparency of debtors' assets in the European Union <sup>(5)</sup>. The purpose of this initiative is to help solve problems of cross-border debt recovery that may prove an obstacle to the free circulation of payment orders within the European Union and disrupt the operation of the internal market.

On 23 June the Commission also adopted a proposal for a decision <sup>(6)</sup> amending the 2001 Council decision establishing a European judicial network in civil and commer-

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<sup>(1)</sup> COM(2008) 495.

<sup>(2)</sup> COM(2008) 494.

<sup>(3)</sup> Directive 2008/52/EC (OJ L 136, 24.5.2008).

<sup>(4)</sup> Regulation (EC) No 593/2008 (OJ L 177, 4.7.2008).

<sup>(5)</sup> COM(2008) 128 (OJ C 202, 8.8.2008).

<sup>(6)</sup> COM(2008) 380 (OJ C 10, 15.1.2009).

cial matters <sup>(1)</sup>. The proposal is intended to provide the network with an updated legal framework, a more effective organisation and increased resources so that it can improve judicial cooperation among the Member States.

On 5 September the Commission also adopted a proposal for a decision <sup>(2)</sup> on the Convention on Choice of Court Agreements. The convention is designed to offer greater certainty and predictability for parties involved in business-to-business agreements and international litigation, by ensuring that judgments issued by the designated courts are recognised in the other states which are parties to the convention.

In the field of international cooperation, on 27 November the Council adopted a decision concerning the conclusion of the convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters <sup>(3)</sup>, which will replace the Lugano Convention of 16 September 1988 <sup>(4)</sup>. The new convention aims to adapt the provisions in force with the European Free Trade Area (EFTA) states to Regulation (EC) No 44/2001 <sup>(5)</sup>.

### ***Criminal justice***

On 24 July the Council adopted a framework decision setting out the conditions under which previous convictions handed down against a person in another Member State are taken into account in the course of new criminal proceedings against the same person for a different offence <sup>(6)</sup>.

At its meeting on 27 and 28 November the Council also adopted a framework decision on the application of the principle of mutual recognition to judgments in criminal matters <sup>(7)</sup>, a framework decision on mutual recognition in probation matters <sup>(8)</sup> and a framework decision on combating certain forms and expressions of racism and xenophobia by means of criminal law <sup>(9)</sup>. On 18 December it adopted a framework decision on the European evidence warrant for the purpose of obtaining objects, evidence and data for use in proceedings in criminal matters <sup>(10)</sup>.

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<sup>(1)</sup> Decision 2001/470/EC (OJ L 174, 27.6.2001).

<sup>(2)</sup> COM(2008) 538.

<sup>(3)</sup> COM(2008) 116 (OJ C 202, 8.8.2008).

<sup>(4)</sup> OJ L 319, 25.11.1988.

<sup>(5)</sup> OJ L 12, 16.1.2001.

<sup>(6)</sup> Framework Decision 2008/675/JHA (OJ L 220, 15.8.2008).

<sup>(7)</sup> Framework Decision 2008/909/JHA (OJ L 327, 5.12.2008).

<sup>(8)</sup> Framework Decision 2008/947/JHA (OJ L 337, 16.12.2008).

<sup>(9)</sup> Framework Decision 2008/913/JHA (OJ L 328, 6.12.2008).

<sup>(10)</sup> Framework Decision 2008/978/JHA (OJ L 350, 30.12.2008).

On 19 November the European Parliament and the Council adopted a directive on the protection of the environment through criminal law <sup>(1)</sup>.

## **Police and customs cooperation**

### ***General***

In the field of police cooperation, on 23 June the Council adopted a decision on the improvement of cooperation between the special intervention units of the Member States of the European Union in crisis situations <sup>(2)</sup>. This decision will enable special intervention units to provide assistance to and/or to operate in another Member State to deal with a specific crisis situation.

On the same day the Council adopted a decision on the stepping-up of cross-border cooperation, particularly in combating terrorism and cross-border crime (the Prüm decision), and a decision on its implementation <sup>(3)</sup>.

On 24 October the Council also issued a recommendation on improving communication between operational units in border areas. On the same day it approved the European best practice guidelines for police and customs cooperation centres.

### ***Europol and CEPOL***

On 18 April the Council reached political agreement on the proposal for a decision establishing the European Police Office <sup>(4)</sup>. The purpose of the proposal is to replace the current Europol Convention by a European legal instrument that can be adapted more rapidly in response to trends in crime, and to establish Europol as an agency of the European Union and replace intergovernmental funding by a Community subsidy.

At its meeting on 27 and 28 November the Council approved a cooperation agreement between the European Police College (CEPOL) and Interpol, the purpose of which is to enhance the training of senior police officers.

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<sup>(1)</sup> Directive 2008/99/EC (OJ L 328, 6.12.2008). See 'Environmental instruments' in Chapter III, Section 2, 'Environment', of this Report.

<sup>(2)</sup> Decision 2008/617/JHA (OJ L 210, 6.8.2008).

<sup>(3)</sup> Decisions 2008/615/JHA and 2008/616/JHA (OJ L 210, 6.8.2008).

<sup>(4)</sup> COM(2006) 817 (OJ C 126, 7.6.2008).



### ***Data protection and exchange of information***

On the electronic exchange of information, the Commission adopted a proposal for a decision on the establishment of the European criminal records information system <sup>(1)</sup> on 27 May. The proposal sets up elements of a standardised format for the electronic exchange of information extracted from criminal records, in particular as concerns information on the offence giving rise to the conviction and information on the content of the conviction, as well as other general and technical implementation aspects of the information exchange.

On 1 August the Commission adopted a report <sup>(2)</sup> on the operation of the Council common position on exchanging data on issued and blank stolen, lost or misappropriated passports <sup>(3)</sup>. This second report notes a substantial improvement in the operation of the common position since the 2006 report <sup>(4)</sup>. Member States have taken various steps in order to comply with their obligations. However, implementation of the common position is still incomplete and requires a more proactive and committed effort on the part of the Member States.

On 27 November the Council also adopted a framework decision on the protection of personal data processed in the framework of police and judicial cooperation in criminal matters <sup>(5)</sup>. This act allows the police and legal authorities to obtain the information they need to fight crime, while maintaining an appropriate level of protection of individuals' personal data.

## **Fight against terrorism, crime and drugs**

### ***Fight against terrorism***

As one of a series of measures to help combat terrorism, on 4 April the Commission adopted measures to strengthen the control of explosives for civil use, for instance in the mining industry <sup>(6)</sup>. To prevent theft and to ensure that any thefts or losses are quickly detected, the new regulation requires unique labelling of explosives throughout the European Union.

Following up the Commission's communication of November 2007 <sup>(7)</sup>, on 18 April the Council adopted a European Union action plan on enhancing the security of explosives. It

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<sup>(1)</sup> COM(2008) 332 (OJ C 10, 15.1.2009).

<sup>(2)</sup> COM(2008) 502.

<sup>(3)</sup> Common Position 2005/69/JHA (OJ L 27, 29.1.2005).

<sup>(4)</sup> COM(2006) 167 (OJ C 184, 8.8.2006).

<sup>(5)</sup> Framework Decision 2008/977/JHA (OJ L 350, 30.12.2008).

<sup>(6)</sup> Directive 2008/43/EC (OJ L 94, 5.4.2008).

<sup>(7)</sup> COM(2007) 651 (OJ C 55, 5.4.2008).

is built on three pillars: prevention, detection and response, including specific measures on explosive precursors and the supply chain (storage, transport, traceability); and a horizontal set of measures concerning public security which complement and consolidate the three pillars.

On 22 April the European Economic and Social Committee adopted an exploratory opinion on the prevention of terrorism and violent radicalisation <sup>(1)</sup>. The main objective of the opinion is to identify policies, actions and initiatives that may be held as good practice in the fight against terrorism and violent radicalisation.

On 27 October the Commission adopted a proposal for a decision on a critical infrastructure warning information network <sup>(2)</sup>, as part of the European programme for critical infrastructure protection. The initiative concerns the information-sharing process between EU Member States and an information technology system to support that process. The aim is to help improve the protection of critical infrastructure in the European Union and to facilitate coordination and cooperation regarding information on such protection at EU level.

At its meeting on 27 and 28 November the Council adopted a decision amending the definition of terrorism <sup>(3)</sup>. It also adopted conclusions on further action to combat terrorism, in particular through the 'Check the web' project and an updated version of the European Union strategy for combating radicalisation and recruitment to terrorism.

### ***Fight against crime***

On 24 October the Council adopted a decision on the fight against organised crime <sup>(4)</sup>. The aim is to align substantive criminal law in order to facilitate mutual recognition of judgments and judicial decisions having a cross-border dimension, by defining offences relating to participation in a criminal organisation.

On 17 October, in response to the request of the Council of 8 and 9 November 2007, the Commission adopted a communication evaluating implementation of the EU action plan on best practices, standards and procedures for combating and preventing trafficking in human beings <sup>(5)</sup>.

On 20 November the Commission adopted a communication focusing on policies to strengthen the legislative framework and procedures for the confiscation and recovery of the proceeds of crime in the European Union <sup>(6)</sup>.

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<sup>(1)</sup> OJ C 211, 19.8.2008.

<sup>(2)</sup> COM(2008) 676.

<sup>(3)</sup> Framework Decision 2008/919/JHA (OJ L 330, 9.12.2008).

<sup>(4)</sup> Framework Decision 2008/841/JHA (OJ L 300, 11.11.2008).

<sup>(5)</sup> COM(2008) 657.

<sup>(6)</sup> COM(2008) 766.

As part of the fight against cyber crime, on 14 July the Commission presented a report <sup>(1)</sup> on the Council decision on attacks against information systems <sup>(2)</sup>. In it the Commission noted that the decision was being well implemented in most Member States, but expressed concern that some Member States had not communicated any implementing measures.

In October and November the Council adopted a number of conclusions on a concerted work strategy and practical measures to combat cyber crime. This strategy involves either the Member States or the Commission or both together in future measures to combat cyber crime. It also contains a project to set up national alert platforms and a European alert platform for reporting offences noted on the Internet and recommendations on public–private cooperation in the campaign against cyber crime. The recommendations were approved by national experts at a meeting held by the Commission in September.

### ***Fight against drugs***

On 8 December, as part of the EU drugs strategy, the Council adopted a drugs action plan setting out the priorities for 2009–12. The action plan has two core pillars: the reduction of drug demand and of drug supply; and it has three cross-cutting themes: coordination, international cooperation and information, research and evaluation. Priorities have been formulated for all five policy fields. The Commission had adopted a communication on this action plan <sup>(3)</sup> on 18 September.

On 3 March, at a more technical level, the Council adopted a decision on defining 1-benzylpiperazine (BZP) as a new psychoactive substance which is to be made subject to control measures and criminal provisions <sup>(4)</sup>.

On the international cooperation front, on 29 April the Council adopted a decision on the participation of Turkey in the work of the European Monitoring Centre for Drugs and Drug Addiction <sup>(5)</sup>.

On 27 November the Council adopted a decision authorising the signature and conclusion of an agreement to strengthen cooperation with China on controls on imports of synthetic drug precursors from China into the Community <sup>(6)</sup>.

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<sup>(1)</sup> COM(2008) 448.

<sup>(2)</sup> Framework Decision 2005/222/JHA (OJ L 69, 16.3.2005).

<sup>(3)</sup> COM(2008) 567.

<sup>(4)</sup> Decision 2008/206/JHA (OJ L 63, 7.3.2008).

<sup>(5)</sup> Decision 2008/375/EC (OJ L 129, 17.5.2008).

<sup>(6)</sup> COM(2008) 437.

## Management of external borders and immigration

### *Migration flows, asylum and immigration*

On 14 May, in order to meet the information needs of the Community institutions, Member States' authorities and the general public on immigration and asylum, the Council adopted a decision formally establishing a European migration network <sup>(1)</sup>.

On 17 June the Commission presented a communication 'A common immigration policy for Europe: Principles, actions and tools' <sup>(2)</sup> and a policy plan 'Asylum — An integrated approach to protection across the EU' <sup>(3)</sup>.

The communication sets out 10 common principles, grouped under the three headings of prosperity, security and solidarity, that will form the basis of the common immigration policy.

The policy plan sets out a roadmap for the coming years and lists the measures that the Commission intends to propose in order to complete the second phase of the common European asylum system. It is based on three pillars: higher common standards of protection through the alignment of Member States' asylum laws, effective and well-supported practical cooperation ensured through the establishment of a European asylum support office, and a greater degree of solidarity and responsibility among the Member States, as well as between the European Union and third countries.

The European Council of 15 and 16 October adopted the European pact on immigration and asylum, largely based on the above communication and policy plan. Implementation of the pact will be the subject of an annual debate starting from the June 2010 European Council.

In order to put into action the principles listed in its action plan of 17 June, on 3 December the Commission presented amendments to the existing legislation on asylum. These amendments, which aim to ensure a higher degree of harmonisation and better standards of protection for the common European asylum system, concern:

- the rules that determine the Member State responsible for examining an asylum application <sup>(4)</sup>;
- the Eurodac regulation which sets up a system for taking and registering the fingerprints of asylum seekers <sup>(5)</sup>;

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<sup>(1)</sup> Decision 2008/381/EC (OJ L 131, 21.5.2008).

<sup>(2)</sup> COM(2008) 359 (OJ C 10, 15.1.2009).

<sup>(3)</sup> COM(2008) 360 (OJ C 10, 15.1.2009).

<sup>(4)</sup> COM(2008) 820.

<sup>(5)</sup> COM(2008) 825.

- the directive containing the rules on conditions for the reception of asylum seekers in Member States <sup>(1)</sup>.

On 8 October the Commission also adopted the following initiatives:

- a communication ‘Strengthening the global approach to migration: Increasing co-ordination, coherence and synergies’ <sup>(2)</sup>;
- a report to the 2008 ministerial conference on integration ‘Strengthening actions and tools to meet integration challenges’;
- a communication <sup>(3)</sup> reporting on the application of Directive 2003/86/EC on the right to family reunification <sup>(4)</sup>.

### ***Visas, management of external borders and internal movement***

On 13 February, in order to further reinforce solidarity and cooperation in the management of EU external borders, the Commission adopted a new initiative comprising three communications on the future development of the European integrated system of external border management.

- The report on the European Agency for the Management of Operational Cooperation at the External Borders (Frontex) <sup>(5)</sup> assesses the results achieved, makes recommendations for measures that can be taken in the short term and outlines a long-term vision for the future.
- The purpose of the communication ‘Examining the creation of a European border surveillance system (Eurosur)’ <sup>(6)</sup> is to enhance border surveillance in order to prevent unauthorised border crossings, to counter cross-border crime and to support measures taken against persons who have crossed the border illegally.
- The communication ‘Preparing the next steps in border management in the European Union’ <sup>(7)</sup> advocates new tools that could form an integrated part of the European border management strategy of the future, including measures to facilitate border crossing for bona fide travellers, the possible introduction of registration of entry/exit, and the introduction of an electronic system of travel authorisation.

With regard to the common visa policy, two legislative measures were adopted on the visa information system (VIS):

- on 23 June a Council decision concerning access for consultation of the VIS by designated authorities of Member States and by Europol for the purposes of the

<sup>(1)</sup> COM(2008) 815.

<sup>(2)</sup> COM(2008) 611.

<sup>(3)</sup> COM(2008) 610.

<sup>(4)</sup> Directive 2003/86/EC (OJ L 251, 3.10.2003).

<sup>(5)</sup> COM(2008) 67 (OJ C 202, 8.8.2008).

<sup>(6)</sup> COM(2008) 68 (OJ C 202, 8.8.2008).

<sup>(7)</sup> COM(2008) 69 (OJ C 202, 8.8.2008).

prevention, detection and investigation of terrorist offences and of other serious criminal offences <sup>(1)</sup>;

- on 9 July a regulation of the European Parliament and of the Council <sup>(2)</sup> defining the purpose, functionalities and responsibilities of the VIS and establishing the conditions and procedures for the exchange of visa data between Member States on short-stay visas and on related decisions (e.g. whether to annul, revoke or extend the visa), in order to facilitate the examination of visa applications and decisions.

On 27 November the Council adopted an amendment to the Schengen Borders Code to ensure that the visa information system will be used in an efficient way at external borders.

On 18 April, on the right of free movement and residence, the Council adopted a regulation <sup>(3)</sup> amending the regulation laying down a uniform format for residence permits for third-country nationals <sup>(4)</sup>. The purpose of the new regulation is to set the security features and biometric identifiers to be used by the Member States in a uniform format of residence permit for third-country nationals.

On 24 July the Council also amended the regulation laying down a uniform format for visas <sup>(5)</sup>. The new regulation <sup>(6)</sup> concerns the numbering of visas, and seeks to apply a consistent and unique visa-sticker numbering system for verification in the VIS.

On the subject of the common return policy, on 16 December the European Parliament and the Council adopted a directive on common standards and procedures in Member States for returning illegally staying third-country nationals <sup>(7)</sup>. The purpose of the directive is to define common standards for persons to be returned in a humane manner and with full respect for their fundamental rights and dignity. It will enter into force at the beginning of 2009 and Member States have two years in which to transpose it.

On 10 December the Commission also adopted a report on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States <sup>(8)</sup>.

In the field of international cooperation, the agreements between the European Community and Albania (only on the issuing of visas), Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia and Ukraine on the facilitation of the issuing of visas and on readmission of persons residing without

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<sup>(1)</sup> Decision 2008/633/JHA (OJ L 218, 13.8.2008).

<sup>(2)</sup> Regulation (EC) No 767/2008 (OJ L 218, 13.8.2008).

<sup>(3)</sup> Regulation (EC) No 380/2008 (OJ L 115, 29.4.2008).

<sup>(4)</sup> Regulation (EC) No 1030/2002 (OJ L 157, 15.6.2002).

<sup>(5)</sup> Regulation (EC) No 1683/95 (OJ L 164, 14.7.1995).

<sup>(6)</sup> Regulation (EC) No 856/2008 (OJ L 235, 2.9.2008).

<sup>(7)</sup> Directive 2008/115/EC (OJ L 348, 24.12.2008).

<sup>(8)</sup> COM(2008) 840.

authorisation entered into force on 1 January 2008 <sup>(1)</sup>. Talks on visa liberalisation were begun with Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia. On 27 November the Council adopted the Commission's recommendations on the negotiations with Georgia with a view to agreements on facilitating the issuing of visas and readmission.

Negotiations continued on the agreement between the European Community and the United States regarding certain conditions for access to the US visa waiver programme. On 22 May the European Parliament endorsed the mandate given by the Council to the Commission to negotiate the agreement on behalf of the European Community. The aim of the agreement is to meet American legal requirements in the areas falling within the competence of the European Community as quickly as possible, in order to ensure full reciprocal visa-free travel and equal treatment for all citizens of the Union.

On 23 July the Commission also adopted its fourth report on visa reciprocity <sup>(2)</sup>.

### ***Schengen information system***

On 18 February the Council adopted a decision and a regulation on the tests of the second-generation Schengen information system (SIS II) <sup>(3)</sup>, and on 5 and 6 June it endorsed the SIS II global schedule, which will enable all sides to prepare their planning for the further development and start of SIS II operations. On 24 October the Council adopted a decision and a regulation on migration from the Schengen information system (SIS 1+) to SIS II <sup>(4)</sup>.

### ***Enlargement of the Schengen area***

On 21 December 2007 nine Member States of the European Union (the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia) joined the Schengen area. On 30 March the enlargement process was completed by the lifting of air border controls between these countries and with the 15 states that are already part of the Schengen system.

On 12 December Switzerland joined the Schengen area <sup>(5)</sup> and internal land border controls on persons were lifted. On 29 March 2009 this process will be completed with the lifting of controls on persons at air borders, provided the evaluation visits of airports to be carried out in February 2009 have positive results.

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<sup>(1)</sup> OJ L 24, 29.1.2008.

<sup>(2)</sup> COM(2008) 486.

<sup>(3)</sup> Decision 2008/173/EC and Regulation (EC) No 189/2008 (OJ L 57, 1.3.2008).

<sup>(4)</sup> Decision 2008/839/JAI and Regulation (EC) No 1104/2008 (OJ L 299, 8.11.2008).

<sup>(5)</sup> Decision 2008/903/EC (OJ L 327, 5.12.2008).

### **General references and other useful links**

- European area of freedom, security and justice:  
[http://ec.europa.eu/justice\\_home/index\\_en.htm](http://ec.europa.eu/justice_home/index_en.htm)
- Eurojust:  
<http://www.eurojust.europa.eu/>
- Europol:  
<http://www.europol.europa.eu/>
- European Police College:  
<http://www.cepol.europa.eu/>

## Section 2

# Risk management

### **Background**

*The activities of the European Union have a bearing on citizens' everyday lives. The essential aspects of EU action include protecting and improving the safety of food and consumer goods, and enabling consumers to benefit from the internal market.*

*In the health field, the Union is implementing an action programme which aims to improve citizens' health security, promote health (including the reduction of health inequalities) and produce and disseminate health information and knowledge.*

*The Union's objective is also to empower European consumers, enhance their welfare and protect them effectively from the risks and threats that they cannot tackle as individuals.*

## Public health

### **General** <sup>(1)</sup>

On 2 July, as part of the renewed social agenda <sup>(2)</sup>, the Commission adopted a proposal for a directive on the application of patients' rights in cross-border healthcare <sup>(3)</sup> and

<sup>(1)</sup> See also 'Pharmaceutical products' under 'Industry and services' in Chapter II, Section 2, 'Innovation and enterprise policy'; and 'Use of information and communication technologies' in Chapter II, Section 2, 'Information society and the media', of this Report.

<sup>(2)</sup> See 'Mobility of workers and free movement of knowledge' in Chapter III, Section 1, 'Social dimension', of this Report.

<sup>(3)</sup> COM(2008) 414.



a communication on improving cooperation amongst Member States in this area <sup>(1)</sup>. The new directive will establish a Community framework for cross-border healthcare, whilst fully respecting the principles on which national systems are based. It will help ensure sufficient legal clarity concerning patients' rights together with the provision of high-quality, safe and efficient cross-border healthcare. It also establishes a framework for European cooperation.

In addition, on 10 December it adopted a Green Paper <sup>(2)</sup> on the European workforce for health. The publication of this Green Paper marked the start of a public consultation to obtain the views of stakeholders on a wide range of issues relating to the healthcare workforce and the provision of care for an ageing population.

Furthermore, on 23 July the Commission presented a report on the implementation of the public health programme in 2007 <sup>(3)</sup>, followed on 24 July by a communication on an interim evaluation of the implementation of the public health programme (2003–08) <sup>(4)</sup>.

As regards anti-smoking measures, on 8 May the Commission presented a report <sup>(5)</sup> on the implementation of the tobacco advertising directive <sup>(6)</sup>. The report's conclusion is that the European ban on tobacco advertising is effective.

On 26 September the Council also adopted conclusions on the fight against Alzheimer's disease and neurodegenerative diseases, with a view to organising a European response to this growing problem.

The Commission also adopted a communication <sup>(7)</sup> on rare diseases and a proposal <sup>(8)</sup> for a recommendation on the same subject (11 November), together with a communication <sup>(9)</sup> on the European Centre for Disease Prevention and Control's activities on communicable diseases: the positive outcomes since the Centre's establishment and the planned activities and resource needs (13 November).

On 8 December it presented a proposal for a directive on standards of quality and safety of human organs intended for transplantation <sup>(10)</sup>, together with an action plan <sup>(11)</sup> on organ donation and transplantation (2009–15).

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<sup>(1)</sup> COM(2008) 415.

<sup>(2)</sup> COM(2008) 725.

<sup>(3)</sup> COM(2008) 482.

<sup>(4)</sup> COM(2008) 484.

<sup>(5)</sup> COM(2008) 330 (OJ C 10, 15.1.2009).

<sup>(6)</sup> Directive 2003/33/EC (OJ L 152, 20.6.2003).

<sup>(7)</sup> COM(2008) 679.

<sup>(8)</sup> COM(2008) 726.

<sup>(9)</sup> COM(2008) 741.

<sup>(10)</sup> COM(2008) 818.

<sup>(11)</sup> COM(2008) 819.

Furthermore, on 15 December the Commission adopted a communication <sup>(1)</sup> and a proposal for a recommendation <sup>(2)</sup> on patient safety, including the prevention and control of healthcare-associated infections.

## **Consumer protection**

### ***Product and service safety***

On 25 January the Commission proposed revising the directive on the safety of toys <sup>(3)</sup>. The changes pursue three objectives: to impose stricter safety requirements, to place more responsibility on toy manufacturers and importers, and to reinforce the Member States' market surveillance obligations.

On 21 April the Commission adopted a decision calling on the Member States to ensure that magnetic toys bear a warning about the health and safety risks they pose <sup>(4)</sup>. On 22 April it adopted a communication on the protection of consumers, in particular minors, in respect of the use of video games <sup>(5)</sup>.

Furthermore, on 25 March it adopted a decision on the fire safety requirements to be met by European standards for cigarettes <sup>(6)</sup>.

## **Food safety, plant health, animal health and animal welfare**

### ***Food safety***

In the field of food safety, on 14 January the Commission proposed a regulation to facilitate the placing on the market of novel foods <sup>(7)</sup>. The intention is to make novel foods subject to a centralised assessment and authorisation procedure which will be simpler and more efficient. More specifically, applications for approval will be submitted to the Commission and then forwarded to the European Food Safety Authority, which will carry out a scientific evaluation of the product.

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<sup>(1)</sup> COM(2008) 836.

<sup>(2)</sup> COM(2008) 837.

<sup>(3)</sup> COM(2008) 9 (OJ C 207, 14.8.2008).

<sup>(4)</sup> Decision 2008/329/EC (OJ L 114, 26.4.2008).

<sup>(5)</sup> COM(2008) 207.

<sup>(6)</sup> Decision 2008/264/EC (OJ L 83, 26.3.2008).

<sup>(7)</sup> COM(2007) 872 (OJ C 106, 26.4.2008).

On 30 January the Commission also adopted a proposal for a regulation on the provision of food information to consumers <sup>(1)</sup>. The intention here is to improve the existing legislation on the labelling of foodstuffs in general <sup>(2)</sup> and on nutrition labelling <sup>(3)</sup>. The new regulation will render information on food products more accessible, including nutrition information and information on the presence of allergens.

On 16 December the European Parliament and the Council adopted a regulation <sup>(4)</sup> establishing a common authorisation procedure for food additives, food enzymes and food flavourings. On the same date they adopted a regulation <sup>(5)</sup> on food enzymes, a regulation <sup>(6)</sup> on food additives, and a regulation <sup>(7)</sup> on flavourings and certain food ingredients with flavouring properties.

On 26 June the Commission also adopted a report on foods for persons suffering from carbohydrate metabolism disorders <sup>(8)</sup>. This report summarises the dietary recommendations for persons suffering from diabetes and the existing European legislation on foods intended for them, so that the desirability of special provisions on foods for people with diabetes can be assessed.

On 22 October the European Economic and Social Committee adopted an exploratory opinion on the health security of agricultural and food imports, drawing attention to the adjustments needed, particularly in terms of harmonising inspection practices and extending the traceability system to products from non-member countries.

As regards genetically modified organisms, the Commission adopted decisions authorising the placing on the market of products containing genetically modified maize (28 March) <sup>(9)</sup> and products containing genetically modified soybean (8 September and 4 December) <sup>(10)</sup>. It presented proposals for decisions authorising the placing on the market of products containing genetically modified cotton (30 April) <sup>(11)</sup> and products containing oilseed rape T45 (30 October) <sup>(12)</sup>.

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<sup>(1)</sup> COM(2008) 40 (OJ C 202, 8.8.2008).

<sup>(2)</sup> Directive 2000/13/EC (OJ L 109, 6.5.2000).

<sup>(3)</sup> Directive 90/496/EEC (OJ L 276, 6.10.1990).

<sup>(4)</sup> Regulation (EC) No 1331/2008 (OJ L 354, 31.12.2008).

<sup>(5)</sup> Regulation (EC) No 1332/2008 (OJ L 354, 31.12.2008).

<sup>(6)</sup> Regulation (EC) No 1333/2008 (OJ L 354, 31.12.2008).

<sup>(7)</sup> Regulation (EC) No 1334/2008 (OJ L 354, 31.12.2008).

<sup>(8)</sup> COM(2008) 392 (OJ C 10, 15.1.2009).

<sup>(9)</sup> OJ L 87, 29.3.2008.

<sup>(10)</sup> OJ L 247, 16.9.2008 and OJ L 333, 11.12.2008.

<sup>(11)</sup> COM(2008) 226 (OJ C 202, 8.8.2008).

<sup>(12)</sup> COM(2008) 678.

## ***Plant health***

On 11 March, as part of Community action to encourage the sustainable use of pesticides, the Commission adopted a modified proposal for a regulation concerning the placing of plant protection products on the market <sup>(1)</sup>. The aim of the proposal is to recast the existing legislation in order to consolidate the protection of human health and the environment, improve the functioning of the internal market and update the authorisation procedures.

As regards the placing on the market of forest reproductive material, on 16 December the Council adopted a decision <sup>(2)</sup> to establish an equivalence system for the importation of such material under clear rules and to replace a temporary system authorising Member States to take individual decisions for the importation of such material.

## ***Animal health and animal welfare***

In the course of the year the Commission presented several initiatives relating to animal health and animal welfare, proposing:

- a communication <sup>(3)</sup> on the various systems of rearing laying hens, with recommendations favouring the marketing of eggs from animal-welfare-friendly rearing systems (8 January);
- a regulation on the placing on the market and use of feed <sup>(4)</sup>, which considerably simplifies the procedures for the labelling and placing on the market of feed while maintaining the high level of feed safety (3 March);
- a regulation to clarify the rules applicable to animal by-products not intended for human consumption in terms of the protection of public health and animal health <sup>(5)</sup> (10 June);
- a report on the use of coccidiostats and histomonostats as feed additives <sup>(6)</sup> with a view to a decision on the phasing-out of the use of these substances as feed additives by 31 December 2012 (5 May);
- a regulation concerning trade in seal products <sup>(7)</sup>, the aim of which is to ban the placing on the market and the import into, transit through and export from the Community of seal products, unless certain strict conditions concerning the method used to kill and skin seals are met (23 July);

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<sup>(1)</sup> COM(2008) 93 (OJ C 208, 15.8.2008).

<sup>(2)</sup> Decision 2008/971/EC (OJ L 345, 23.12.2008).

<sup>(3)</sup> COM(2007) 865 (OJ C 106, 26.4.2008).

<sup>(4)</sup> COM(2008) 124 (OJ C 202, 8.8.2008).

<sup>(5)</sup> COM(2008) 345 (OJ C 10, 15.1.2009).

<sup>(6)</sup> COM(2008) 233.

<sup>(7)</sup> COM(2008) 469.

- a regulation on the protection of animals at the time of killing <sup>(1)</sup> (18 September);
- a directive <sup>(2)</sup> on the protection of animals used for scientific purposes (5 November).

On 10 September the Commission also adopted a communication <sup>(3)</sup> on an action plan for the implementation of the EU animal health strategy for the period 2007–13. The action plan is based on the following objectives: choosing priorities for EU action; modernising and adapting the animal health framework; better prevention, surveillance and crisis preparedness; scientific knowledge, innovation and research.

On 3 September the European Parliament adopted a resolution on the cloning of animals for food supply. It called on the Commission to submit proposals prohibiting the following practices for food supply purposes: the cloning of animals; the farming of cloned animals or their offspring; the placing on the market of meat or dairy products derived from cloned animals or their offspring; the importing of cloned animals.

Furthermore, in order to reduce the burden of work and administrative constraints on the competent authorities of the Member States, the agri-food industry, trade operators and the Commission, on 15 July the Council adopted a directive on a simplified procedure for updating and publishing information in the veterinary and zootechnical fields <sup>(4)</sup>.

## Transport safety and security

### **General**

On 24 September the European Parliament and the Council adopted a directive <sup>(5)</sup> on the inland transport of dangerous goods, with a view to:

- improving the safety of the transport of dangerous goods by all three modes of land transport;
- contributing to environmental protection;
- facilitating the transport of dangerous goods and the functioning of the internal market for transport operators by harmonising transport conditions.

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<sup>(1)</sup> COM(2008) 553.

<sup>(2)</sup> COM(2008) 543.

<sup>(3)</sup> COM(2008) 545.

<sup>(4)</sup> Directive 2008/73/EC (OJ L 219, 14.8.2008).

<sup>(5)</sup> Decision 2008/68/EC (OJ L 260, 30.9.2008).

### ***Maritime safety and security***

On 11 March, with a view to rationalising the rules on protection in the event of maritime pollution, the Commission tabled a proposal <sup>(1)</sup> to amend the directive <sup>(2)</sup> on ship-source pollution and on the introduction of penalties for infringements. The new directive aims to establish a minimum framework of criminal law to deal with serious infringements involving ship-source pollution.

### ***Aviation safety and security***

On 20 February the European Parliament and the Council adopted a regulation on common rules in the field of civil aviation and establishing a European Aviation Safety Agency <sup>(3)</sup>. This was the first step in giving the EASA broader powers to include the operational needs of airline companies and their aircraft, pilots' licences and the safety of third-country operators.

The Commission's proposal presented in the 'single European sky' legislative package of 25 June <sup>(4)</sup> constitutes the second step, namely the extension of the Agency's responsibilities to include the safety of airport infrastructure, air traffic management and air navigation services.

On 11 March the European Parliament and the Council also updated the common rules in the field of civil aviation security <sup>(5)</sup>.

### ***Road safety and security***

On 19 March the Commission proposed a directive facilitating cross-border enforcement in the field of road safety <sup>(6)</sup>. The central feature of the proposal is the setting-up of a system for the exchange of data between the registration authorities in the Member States so as to identify the holders of the registration certificates of vehicles concerned.

On 19 November the European Parliament and the Council also adopted a directive on road infrastructure safety management <sup>(7)</sup>.

On 28 November the Council adopted conclusions on the coordination of police action on road safety, emphasising the need for such coordination to be ensured through

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<sup>(1)</sup> COM(2008) 134 (OJ C 202, 8.8.2008).

<sup>(2)</sup> Directive 2005/35/EC (OJ L 255, 30.9.2005).

<sup>(3)</sup> Regulation (EC) No 216/2008 (OJ L 79, 19.3.2008).

<sup>(4)</sup> See 'Air transport' in Chapter II, Section 2, 'Transport', of this Report.

<sup>(5)</sup> Regulation (EC) No 300/2008 (OJ L 97, 9.4.2008).

<sup>(6)</sup> COM(2008) 151 (OJ C 202, 8.8.2008).

<sup>(7)</sup> Directive 2008/96/EC (OJ L 319, 29.11.2008).

contacts between police officers, the approximation of equipment and techniques, and joint action.

### ***Rail safety and security***

On 16 December the European Parliament and the Council adopted a directive on safety on the Community's railways <sup>(1)</sup> and a regulation <sup>(2)</sup> amending the regulation establishing the European Railway Agency in order to adapt the Agency's legislative framework to the tasks deriving from the new directive. The purpose of the directive and the regulation is to improve the cross-acceptance of railway vehicles in the European Union and thereby further the operation of the internal market <sup>(3)</sup>.

## **Energy security and safety of installations**

On 22 May the Commission adopted a communication 'Addressing the international challenge of nuclear safety and security' <sup>(4)</sup>, in which it takes stock of what has been achieved in the field of nuclear safety and security in third countries. It lays down strategic, geographic and technical criteria for cooperation programmes with these countries, together with priorities for allocating Community assistance in this area.

On 8 September the Commission also adopted the sixth situation report on radioactive waste and spent fuel management in the European Union <sup>(5)</sup>. The Commission notes that maturity level has been reached in the scientific and technical areas relating to geological disposal. It is therefore necessary to encourage and facilitate its rapid implementation, because of the potential consequences of radioactive waste and spent fuel management for health and safety, even though implementation-oriented research and development needs to continue.

On 26 November the Commission adopted a proposal for a directive <sup>(6)</sup> with a view to relaunching the process of setting up a Community framework for nuclear safety, by updating and replacing the proposal for a Council (Euratom) directive setting out basic obligations and general principles on the safety of nuclear installations. The general objective of the proposal is to achieve, maintain and continuously improve nuclear safety in the Community and to enhance the role of the regulatory bodies.

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<sup>(1)</sup> Directive 2008/110/EC (OJ L 345, 23.12.2008)

<sup>(2)</sup> Regulation (EC) No 1335/2008 (OJ L 354, 31.12.2008)

<sup>(3)</sup> See 'Rail transport' in Chapter II, Section 2, 'Transport', of this Report.

<sup>(4)</sup> COM(2008) 312 (OJ C 10, 15.1.2009).

<sup>(5)</sup> COM(2008) 542.

<sup>(6)</sup> COM(2008) 790.

## Civil protection and European Union Solidarity Fund

### *Civil protection*

On 5 March the Commission adopted a communication on reinforcing the Union's disaster response capacity <sup>(1)</sup>. In order to meet the growing challenges posed by natural or man-made disasters within or outside the Union, the Commission recommends an integrated approach to response by the Union. In particular, it proposes developing the Community civil protection machinery (monitoring and information centre) into a genuine operations centre, boosting European disaster response resources, and implementing the European consensus on humanitarian aid so as to permit the provision of humanitarian assistance <sup>(2)</sup>.

Furthermore, in its declaration of 11 March, the European Parliament called on the Member States and the Commission to implement the necessary processes and resources to develop an efficient early warning system for citizens in the event of imminent or developing major emergencies throughout the EU. It urged the Commission to present appropriate legislative proposals taking into account all the risks and policies involved.

On 27 and 28 November the Council adopted a series of conclusions concerning civil protection. The purpose of these conclusions was to strengthen relations between the European Union and the United Nations concerning the capacity to respond to disasters, to introduce European training in disaster management, and to enhance civil protection capabilities by means of a European mutual assistance system building on a modular approach to civil protection.

### *European Union Solidarity Fund*

Several decisions on the mobilisation of the EU Solidarity Fund were taken in 2008. The European Parliament and the Council approved the requests for assistance from the fund submitted by:

- the United Kingdom, which was hit by floods in June and July 2007 (11 March) <sup>(3)</sup>;
- Greece and Slovenia, hit respectively by forest fires in August 2007 and floods in September 2007 (5 June) <sup>(4)</sup>;

<sup>(1)</sup> COM(2008) 130 (OJ C 202, 8.8.2008).

<sup>(2)</sup> See 'General' in Chapter V, Section 3, 'Humanitarian aid', of this Report.

<sup>(3)</sup> Decision 2008/267/EC (OJ L 85, 27.3.2008).

<sup>(4)</sup> Decision 2008/469/EC (OJ L 162, 21.6.2008).



- France, following the passage of hurricane Dean, which hit Guadeloupe and Martinique in August 2007 (22 October) <sup>(1)</sup>;
- Cyprus, following the drought (18 December) <sup>(2)</sup>.

In addition, the annual report on the European Union Solidarity Fund (2007) was also adopted by the Commission on 12 November <sup>(3)</sup>.

## **Protection of the financial interests of the European Union**

The annual report on the protection of the Communities' financial interests and the fight against fraud <sup>(4)</sup> was presented by the Commission on 22 July. The report takes stock of the measures adopted by the Community and Member States in 2007 to protect the Communities' financial interests and contains details of the main results.

On 18 December the Council adopted two regulations concerning medals and tokens similar to euro coins, in order to strengthen and clarify the protection of euro coins against such medals and tokens <sup>(5)</sup>. On the same date it also adopted two regulations on the protection of the euro against counterfeiting <sup>(6)</sup>.

In addition, a regulation <sup>(7)</sup> on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters was adopted by the European Parliament and the Council on 9 July.

### **General references and other useful links**

- Directorate-General for Health and Consumers:  
[http://ec.europa.eu/dgs/health\\_consumer/index\\_en.htm](http://ec.europa.eu/dgs/health_consumer/index_en.htm)
- Public health:  
[http://ec.europa.eu/health/index\\_en.htm](http://ec.europa.eu/health/index_en.htm)

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<sup>(1)</sup> Decision 2008/879/EC (OJ L 314, 25.11.2008).

<sup>(2)</sup> COM(2008) 732.

<sup>(3)</sup> COM(2008) 722.

<sup>(4)</sup> COM(2008) 475.

<sup>(5)</sup> Regulations (EC) Nos 46/2009 and 47/2009 (OJ L 17, 22.1.2009).

<sup>(6)</sup> Regulations (EC) Nos 44/2009 and 45/2009 (OJ L 17, 22.1.2009).

<sup>(7)</sup> Regulation (EC) No 766/2008 (OJ L 218, 13.8.2008).

- Consumers:  
[http://ec.europa.eu/consumers/index\\_en.htm](http://ec.europa.eu/consumers/index_en.htm)
- Food safety:  
[http://ec.europa.eu/food/food/index\\_en.htm](http://ec.europa.eu/food/food/index_en.htm)
- Transport:  
[http://ec.europa.eu/transport/index\\_en.htm](http://ec.europa.eu/transport/index_en.htm)
- Energy:  
[http://ec.europa.eu/energy/index\\_en.htm](http://ec.europa.eu/energy/index_en.htm)
- European Anti-Fraud Office:  
[http://ec.europa.eu/anti\\_fraud/index\\_en.html](http://ec.europa.eu/anti_fraud/index_en.html)

## Chapter V

# Europe in the world

## Section 1

### Proximity ties

#### **Background**

*Over the last 50 years the European Union has been furthering its integration as well as taking in new Member States. Since the accession of Bulgaria and Romania at the beginning of 2007, the Commission has developed a range of measures to improve the enlargement process and an approach aimed at identifying the main challenges facing candidates for accession, such as strengthening the rule of law, administrative and judicial reform, and combating organised crime and corruption.*

*To avoid new dividing lines emerging and promote prosperity, stability and security for all, the Commission has concluded action plans with 12 of the Union's neighbours, which it implements under the European neighbourhood policy. The aim is to support programmes of political, economic, social and governance reform in the countries concerned.*

### **Enlargement process, pre-accession strategy and stabilisation and association process**

#### **General**

On 5 March the Commission adopted a communication 'Western Balkans: Enhancing the European perspective' <sup>(1)</sup>, in which it presented new initiatives, and consolidated existing

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<sup>(1)</sup> COM(2008) 127 (OJ C 202, 8.8.2008).

ones, aimed at supporting political and economic development in the countries of the western Balkans, so as to help speed up their progress on the road towards membership of the European Union. The communication also provides a succinct analysis of the situation of each partner in the light of developments since the last progress reports were presented in November 2007.

Agreements with Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia on facilitating the issue of visas and readmission entered into force on 1 January <sup>(1)</sup>. The Commission opened dialogues on visa liberalisation with each of the countries (except Croatia, which already enjoys exemption) and presented roadmaps and reform criteria for the lifting of the visa requirement.

The annual enlargement strategy paper was adopted by the Commission on 5 November <sup>(2)</sup>. The paper gives an updated overview of the European Union's enlargement policy and a summary of progress made over the past 12 months by each of the candidate and potential candidate countries. The progress reports for each country, published as background documents, provide more detailed assessments.

### ***Financial assistance***

On 5 November, to define a clear framework for the enlargement policy, the Commission adopted the multiannual financing framework document for all the candidate and potential candidate countries, establishing the 2010–12 financial framework with indicative allocations for each beneficiary <sup>(3)</sup>. Over that period, the overall indicative amount of EU financial assistance to be provided under the Instrument for Pre-Accession Assistance (IPA) <sup>(4)</sup> is EUR 5.334 billion.

On 11 July the Commission organised a donor conference aimed at raising pledges of funding for Kosovo's socioeconomic development. Participants pledged EUR 1.2 billion, including 70 % from the European Union and its Member States.

On 27 October the Commission adopted the 2007 annual report on the Instrument for Structural Policies for Pre-Accession (ISPA) <sup>(5)</sup>, which covers ISPA activities solely in Croatia, as the only remaining beneficiary of funds under the instrument. On 15 December it adopted the 2007 annual report on the Instrument for Pre-Accession Assistance <sup>(6)</sup>, which contains information on operations funded during 2007 and on the conclusions of monitoring work, and provides an assessment of the results of implementation.

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(1) See 'Visas, management of external borders and internal movement' in Chapter IV, Section 1, 'Management of external borders and immigration', of this Report.

(2) COM(2008) 674.

(3) COM(2008) 705.

(4) Regulation (EC) No 1085/2006 (OJ L 210, 31.7.2006).

(5) COM(2008) 671.

(6) COM(2008) 850.

## ***Candidate countries***

### **Turkey**

The European Union–Turkey Association Council met on 27 May, while the European Union–Turkey Joint Parliamentary Committee met on 27 and 28 May and on 27 and 28 November.

Accession negotiations with Turkey continued. By the end of 2008, negotiations had been opened on 10 chapters since their start in 2005, and provisionally closed on one.

According to the monitoring report of 5 November <sup>(1)</sup>, Turkey continued to fulfil the Copenhagen political criteria sufficiently, although progress on reforms was limited in 2008. But it had made progress on alignment with the European Union's legal order and, as regards the economic criteria, was a functioning market economy.

Turkey now needs to reinvigorate the process of political reform in order to strengthen democracy and human rights, and modernise and develop the country, thus taking forward its integration into the European Union.

### **Croatia**

The European Union–Croatia Stabilisation and Association Council met on 28 April. It welcomed the progress of the accession negotiations between the European Union and Croatia but noted that further work was needed in some areas, such as reforming the judiciary, tackling corruption, the return of refugees and state aid. The Stabilisation and Association Parliamentary Committee met on 29 and 30 April and on 6 and 7 October.

Concerning the accession negotiations, 22 out of 35 negotiation chapters had been opened by the end of 2008, of which seven had been provisionally closed.

According to the monitoring report published on 5 November <sup>(2)</sup>, Croatia continued to meet the Copenhagen political criteria and was a functioning market economy. It had improved its ability to take on the obligations of membership. Based on the overall progress, it should be possible to start the final stage of the accession negotiations with Croatia before the end of 2009, provided all the conditions have been met. The Commission accordingly proposed an indicative roadmap for the technical conclusion of negotiations.

Nevertheless, Croatia needed to sustain its reform efforts, particularly as regards the judicial system and public administration, fighting organised crime and corruption,

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<sup>(1)</sup> COM(2008) 674 and SEC(2008) 2699.

<sup>(2)</sup> COM(2008) 674 and SEC(2008) 2694.

promoting minority rights, especially refugee return, the prosecution of war crimes and access for the International Criminal Tribunal for the former Yugoslavia (ICTY) to certain documents in Croatia. A major effort was also required on the restructuring of Croatia's shipyards.

### **Former Yugoslav Republic of Macedonia**

The European Union–former Yugoslav Republic of Macedonia Stabilisation and Association Parliamentary Committee met on 27 November and the Stabilisation and Association Council on 8 December.

According to the monitoring report of 5 November <sup>(1)</sup>, the former Yugoslav Republic of Macedonia had made some progress in the course of the previous year, but still did not meet the Copenhagen political criteria and the key priorities of the accession partnership. In particular, it needed to guarantee free and fair elections and to strengthen the dialogue between key political parties and actors to allow the effective functioning of political institutions and speed up the pace of reform.

Regarding the economic criteria, the economy of the former Yugoslav Republic of Macedonia had strengthened during the previous year and the country had moved closer towards becoming a functioning market economy. It had also made good progress in legislative alignment with the European Union's legal order.

### ***Potential candidate countries***

#### **Albania**

The European Union–Albania Stabilisation and Association Parliamentary Committee meeting of 25 June issued a joint statement in which it encouraged the EU Member States to ratify the stabilisation and association agreement. Progress was noted in some key areas of reform, but further efforts were required in the justice sector and on tackling corruption and organised crime. The Committee also noted Albania's contribution to maintaining regional stability.

According to the monitoring report of 5 November <sup>(2)</sup>, Albania had continued to make headway on key judicial and electoral reforms, but the rule of law and guarantees as to the proper functioning of state institutions required further consolidation to allow the political system to function effectively. Albania also needed to ensure the proper preparation and conduct of its 2009 parliamentary elections.

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<sup>(1)</sup> COM(2008) 674 and SEC(2008) 2695.

<sup>(2)</sup> COM(2008) 674 and SEC(2008) 2692.

## **Bosnia and Herzegovina**

In the light of the progress achieved in the four key areas identified by the European Union in 2005 <sup>(1)</sup>, a stabilisation and association agreement with Bosnia and Herzegovina and an interim agreement on trade and trade-related matters <sup>(2)</sup> were signed on 16 June.

The stabilisation and association agreement is aimed at supporting efforts to strengthen democracy and the rule of law in Bosnia and Herzegovina and to complete the transition to a market economy. It is also intended to develop close political relations between the European Union and Bosnia and Herzegovina and to contribute to the gradual development of a free-trade area.

The interim agreement, which entered into force on 1 July, is aimed at implementing the provisions of the stabilisation and association agreement dealing with the free movement of goods as rapidly as possible, on the basis of reciprocity and mutual interest.

The Council also adopted a regulation laying down procedures for the adoption of detailed rules for the implementation of certain provisions of both agreements <sup>(3)</sup>.

On 31 October the Council and the Commission presented a joint report on the European Union's future policy in Bosnia and Herzegovina which underlined the importance of a stronger EU engagement with the country.

According to the monitoring report of 5 November <sup>(4)</sup>, beyond the developments that led to the signing of the stabilisation and association agreement, Bosnia and Herzegovina urgently needed to achieve the necessary political consensus and to proceed with reforms, in particular with a view to assuming greater ownership of its governance. It also needed to set out a shared vision of its future in order to ensure the proper functioning of its institutions, to establish more efficient and effective state structures and to speak with a single voice on matters relating to the European Union.

## **Montenegro**

The interim agreement between the European Community and Montenegro on trade and trade-related matters entered into force on 1 January and its implementation is proceeding satisfactorily.

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<sup>(1)</sup> Police reform, full cooperation with the International Criminal Court for the former Yugoslavia, public broadcasting legislation, legislative framework and administrative capacity for proper implementation of the stabilisation and association agreement.

<sup>(2)</sup> Decision 2008/474/EC (OJ L 169, 30.6.2008).

<sup>(3)</sup> OJ L 169, 30.6.2008.

<sup>(4)</sup> COM(2008) 674 and SEC(2008) 2693.

According to the monitoring report of 5 November <sup>(1)</sup>, Montenegro had made significant progress in addressing the political criteria, in improving its legal framework and in strengthening its institutional infrastructure. However, efforts were needed to continue reform of the judicial system, consolidate the rule of law and step up the fight against corruption and organised crime.

On 15 December Montenegro formally presented its application for membership of the European Union.

## **Serbia**

The stabilisation and association agreement and the interim agreement on trade were signed on 29 April <sup>(2)</sup>. The Council, however, decided that implementation of the latter agreement and ratification of the former should be subject to unanimous recognition by the Council that Serbia was cooperating fully with the International Criminal Tribunal for the former Yugoslavia. The Serbian Parliament ratified the agreements on 9 September.

In its conclusions of 22 July, the Council welcomed the arrest of Radovan Karadžić, who had been indicted by the ICTY for genocide, crimes against humanity and war crimes, and encouraged the Serbian government to continue along this road. With this latest arrest, following that of Goran Župljanin in June, only two of the indicted suspects remain at large (Ratko Mladić and Goran Hadžić).

According to the monitoring report of 5 November <sup>(3)</sup>, Serbia had made progress in its efforts to meet the political criteria. It had also demonstrated that it had the administrative capacity to make significant progress on the path towards membership of the European Union. However, reforms had slowed down over the last year during a period of elections and further efforts needed to be made to ensure progress on the reform of the judicial system and measures to prevent corruption.

According to the Commission, it should be possible to grant candidate status to Serbia in 2009, if the conditions are met. Serbia needed to follow up the positive steps it had taken by ensuring full cooperation with the ICTY and persevering with its reform programme, which would allow it to make tangible progress in priority reform areas, such as strengthening the rule of law and stepping up economic and budgetary reforms.

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<sup>(1)</sup> COM(2008) 674 and SEC(2008) 2696.

<sup>(2)</sup> COM(2007) 743 and COM(2007) 744.

<sup>(3)</sup> COM(2008) 674 and SEC(2008) 2698.



**Kosovo** <sup>(1)</sup>

On 18 February, following the adoption by the Kosovo Assembly of a resolution declaring Kosovo independent (on 17 February), the Council adopted conclusions in which it noted that Member States would decide on their relations with Kosovo in accordance with national practice and international law. It also recalled the European Union's longstanding commitment to the stability of the western Balkans region and reiterated the European Union's readiness to play a leading role in strengthening stability in the region.

In the framework of its comprehensive approach towards Kosovo, the Council decided on 4 February <sup>(2)</sup> to launch a police and rule of law mission (EULEX Kosovo) under the European security and defence policy <sup>(3)</sup> and to appoint a European Union special representative to Kosovo. The objective of EULEX Kosovo is to support the Kosovo authorities by monitoring and advising on all areas related to the rule of law, in particular the police, justice, customs and correctional services. The European Council of 19 and 20 June confirmed Kosovo's European perspective.

According to the monitoring report of 5 November <sup>(4)</sup>, the constitution adopted by Kosovo in April was in line with European standards and a considerable amount of key legislation had been adopted. Strengthening institutions and the rule of law and enhancing dialogue and reconciliation between the communities nevertheless remained major challenges.

The Commission would produce a feasibility study for autumn 2009 on ways of furthering Kosovo's political and socioeconomic development, and examine how best Kosovo could progress, as part of the region, towards integration with the European Union under the stabilisation and association process.

**International Criminal Tribunal for the former Yugoslavia**

On 13 March the Council approved a one-year extension to the travel restrictions on those engaged in activities that help persons indicted by the ICTY to continue to evade justice <sup>(5)</sup>. On 15 September it adopted a decision to remove the names of certain persons connected with Radovan Karadžić from this list <sup>(6)</sup>.

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<sup>(1)</sup> As defined by United Nations Security Council Resolution 1244/99.

<sup>(2)</sup> Joint Action 2008/124/CFSP (OJ L 42, 16.2.2008).

<sup>(3)</sup> See 'Contribution to stability in the Balkans and in South Caucasus' in Chapter V, Section 4, 'European security strategy and European security and defence policy', of this Report.

<sup>(4)</sup> COM(2008) 674 and SEC(2008) 2697.

<sup>(5)</sup> Common Position 2008/223/CFSP (OJ L 70, 14.3.2008).

<sup>(6)</sup> Decision 2008/732/CFSP (OJ L 247, 16.9.2008).

The list of persons subject to restrictive measures (freezing of funds and economic resources) was amended on 28 July <sup>(1)</sup> and again on 29 September <sup>(2)</sup>.

Further information on the ICTY may be found under 'Common foreign and security policy' in Section 4 of this chapter.

### ***Turkish Cypriot community***

On 16 June the Council amended the 'green line regulation' <sup>(3)</sup> concerning further trade facilitation on Cyprus <sup>(4)</sup>. On 27 August it adopted the annual report on implementation of the regulation and on the situation resulting from its application <sup>(5)</sup>.

On 15 September the Commission also adopted the second annual report 2007 <sup>(6)</sup> on the implementation of the regulation on Community financial support to encourage the economic development of the Turkish Cypriot community <sup>(7)</sup>.

## **European neighbourhood policy**

### ***General***

On 3 April the Commission presented a communication reviewing developments in 2007 in relations between the European Union and its partners concerned by the European neighbourhood policy (ENP) <sup>(8)</sup>. The communication summarises the substantial progress made by partner countries and the areas where further efforts are required. Its annexes contain the national progress reports and a sectoral progress report.

### ***European Neighbourhood and Partnership Instrument***

On the basis of the multiannual indicative programmes for the period 2007–10, the Commission adopted annual action programmes over the year for the countries covered by the European Neighbourhood and Partnership Instrument <sup>(9)</sup> and regional action programmes for the eastern European and southern Mediterranean regions. A total of approximately EUR 1.735 billion was allocated in 2008 to projects and assistance

<sup>(1)</sup> Regulation (EC) No 738/2008 (OJ L 201, 30.7.2008).

<sup>(2)</sup> Common Position 2008/761/CFSP (OJ L 260, 30.9.2008).

<sup>(3)</sup> Regulation (EC) No 866/2004 (OJ L 161, 30.4.2004).

<sup>(4)</sup> Regulation (EC) No 587/2008 (OJ L 163, 24.6.2008).

<sup>(5)</sup> COM(2008) 529.

<sup>(6)</sup> Regulation (EC) No 389/2006 (OJ L 65, 7.3.2006).

<sup>(7)</sup> COM(2008) 551.

<sup>(8)</sup> COM(2008) 164.

<sup>(9)</sup> European neighbourhood policy partner countries and Russia.

programmes for these countries, including EUR 447 million for the countries of eastern Europe and some EUR 1.160 billion for the southern Mediterranean countries. A total of EUR 128 million was earmarked for cross-border cooperation.

The bilateral programmes for eastern Europe and South Caucasus focused, among other things, on reform of the judiciary (Armenia, Azerbaijan, Georgia), the health sector (Moldova), rehabilitation measures (the Georgian–Abkhaz conflict zone) and border controls (eastern Europe).

During the year programmes were also launched at regional level to address challenges of common interest such as: energy security and efficiency, environmental protection, transport safety and the interconnection of networks (ENP eastern region), justice and migration flows, investment promotion, cultural heritage and gender equality (ENP southern region). Four new projects were also adopted to support the launch of the new Union for the Mediterranean initiative (see below): de-pollution of the Mediterranean, maritime and land highways, civil protection and a Mediterranean solar plan. Information and communication activities were planned throughout the ENP region, in particular involving liaison with the media.

Institutional twinning activities continued to develop rapidly in all the ENP countries and were introduced in Georgia and Israel for the first time. Overall 11 ENP countries are currently implementing 85 twinning operations (with a total of 170 operations ongoing or at the formulation or identification stage). More than 100 events were also organised in 2008 under TAIEX, the technical assistance and information exchange programme, while the ENP countries became eligible in July for the instrument of support for the improvement of public institutions and management systems (SIGMA).

Following the establishment of an instrument for nuclear safety cooperation <sup>(1)</sup> and a stability instrument <sup>(2)</sup>, the Commission adopted action programmes for 2008 setting out detailed practical rules for implementing the two instruments. Decisions were taken allocating a total of EUR 71 million for programmes in the nuclear security field and EUR 27 million for non-proliferation programmes.

The 2007–13 cross-border cooperation (CBC) programmes between the ENP partners and the European Union Member States were adopted by the Commission for 2008 for a total of EUR 907 million. The core objective of these programmes is to support sustainable development along both sides of the European Union's external borders in order to help decrease differences in living standards across these borders and to address the challenges and opportunities following on EU enlargement.

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(1) Regulation (Euratom) No 300/2007 (OJ L 81, 22.3.2007).

(2) Regulation (EC) No 1717/2006 (OJ L 327, 24.11.2006).

Under the neighbourhood policy, the European Union also supports the Palestinian Authority's reform efforts. A new Palestinian–European mechanism for the management of socioeconomic aid, Pegase, which replaced the temporary international mechanism <sup>(1)</sup>, was introduced in February to finance the Authority's development and reform plan.

### ***Black Sea region***

The Commission adopted a report on 19 June on the first year of implementation <sup>(2)</sup> of 'Black Sea synergy', the new regional cooperation initiative launched in April 2007 <sup>(3)</sup>. The report stated that initial results revealed the practical utility and the potential of the European Union's initiative but that continued progress would require the active involvement of a growing number of actors, involving both Member States and Black Sea partners.

The European Economic and Social Committee adopted an exploratory opinion on this subject on 10 July in which it recommended the establishment of a network of civil society organisations in the Black Sea region.

### ***Southern Mediterranean***

Relations between the European Union and its Mediterranean partners were given fresh impetus this year. The spring European Council approved the principle of a Union for the Mediterranean including the Member States of the European Union and the non-EU Mediterranean coastal states. It called on the Commission to present to the Council the necessary proposals for defining the modalities of this enhanced partnership with a view to the summit scheduled for Paris in July.

In accordance with the European Council's decision, on 20 May the Commission adopted a communication 'Barcelona process: Union for the Mediterranean' <sup>(4)</sup>, in which it outlined the structures of the process, whose objective is to revive the European Union's relations with its Mediterranean partners and give them greater visibility. This would in particular entail the establishment of a co-presidency and secretariat, a joint standing committee of European and Mediterranean representatives, biennial summits of Heads of State or Government, and additional regional and subregional projects.

The proposals contained in the communication were presented at the inaugural summit of the Union for the Mediterranean, held in Paris on 13 July, at which a joint declaration was adopted by the meeting of Heads of State or Government.

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<sup>(1)</sup> See 'Occupied Palestinian territories' in Chapter V, Section 4, 'Middle East peace process', of this Report.

<sup>(2)</sup> COM(2007) 160 (OJ C 181, 3.8.2007).

<sup>(3)</sup> COM(2008) 391.

<sup>(4)</sup> COM(2008) 319 (OJ C 10, 15.1.2009).

The economic and social councils and other such institutions in the Euro-Mediterranean region subsequently met in Rabat from 14 to 16 October. The summit emphasised the social dimension of relations between the European Union and the partner countries. It recommended accordingly that all initiatives, programmes and projects carried out under Mediterranean policies should reflect the social dimension, a key element for the sustainable development of partner countries.

The foreign ministers of the 43 Euro-Mediterranean partner countries met in Marseille on 3 and 4 November, where they adopted the mandate, structure and institutional arrangements of the Union for the Mediterranean. In order to advance the regional integration process, they also agreed on priorities for the 2009 working programme. The industry ministers of the countries concerned also met on 5 and 6 November, the employment ministers on 9 and 10 November and the health ministers on 17 November.

On a more specific note, the first Agadir investment forum was held in Brussels on 8 April. Leaders of the signatory countries of the agreement (Egypt, Jordan, Morocco and Tunisia) met senior EU policymakers and business representatives for talks designed to boost regional integration and to sharply increase EU investment in the southern Mediterranean.

On the bilateral relations front, a number of association council meetings took place over the year: with Algeria (10 March), Egypt (28 April), Israel (16 June), Morocco (13 October), Jordan (10 November) and Tunisia (11 November). The topics discussed at these meetings included progress in the implementation of the European neighbourhood policy action plans and relations with the European Union.

At the meeting of the EU–Morocco Association Council, the European Union approved a package of measures designed to strengthen the partnership with Morocco. These measures concerned, in particular, cooperation in political and security matters, the preparation of a comprehensive and deeper free-trade agreement (FTA), the gradual integration of Morocco into a number of EU sectoral policies, and the development of people-to-people exchanges. Morocco was also granted advanced status in the European neighbourhood policy.

On 12 February the Council signed a protocol <sup>(1)</sup> to the association agreement with Israel in which it established general principles governing Israel's participation in Community programmes. On 15 October the Commission adopted a draft decision providing for the establishment of a human rights subcommittee <sup>(2)</sup> to help implement the European Union–Israel ENP action plan <sup>(3)</sup>.

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<sup>(1)</sup> Decision 2008/372/EC (OJ L 129, 17.5.2008).

<sup>(2)</sup> COM(2008) 646.

<sup>(3)</sup> See 'Israel' in Chapter V, Section 4, 'Middle East peace process', of this Report.

On 24 July the Commission was given a mandate by the Council to negotiate a framework agreement with Libya that, once in force, would govern European Union–Libya political, trade and cooperation relations. The negotiations started in November.

On 12 December the Commission adopted a proposal for a decision on the signature and provisional application of certain provisions of a Euro-Mediterranean association agreement with Syria <sup>(1)</sup>. The proposed revised association agreement between the European Union and Syria will establish a new, closer relationship within the context of the Euro-Mediterranean partnership.

The economic, social and institutional reform process in Lebanon also received support under the European neighbourhood policy <sup>(2)</sup>.

### ***Eastern Europe***

On 3 December the Commission adopted a communication ‘Eastern partnership’ <sup>(3)</sup> on its relations with the countries of eastern Europe (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). The proposal for an enhanced partnership contains a bilateral and a multilateral track.

The bilateral track is designed to create a closer relationship with the European Union and to foster stability and prosperity in the partner countries. It includes the following components: the prospect of association agreements and negotiations to put in place deep and comprehensive free-trade areas with each country; progressive visa liberalisation; deeper cooperation to enhance energy security; and support for economic and social policies designed to reduce disparities within each partner country.

The multilateral track will provide a new framework where common challenges can be addressed through four policy platforms on: democracy, good governance and stability; economic integration and convergence with EU policies; energy security; and contacts between people. It will complement the ‘Black Sea synergy’ initiative, which already effectively covers wider regional issues. The Commission proposed launching the eastern partnership in spring 2009.

At bilateral level, cooperation council meetings took place with Ukraine on 11 March and Moldova on 27 May. The relaxation of visa and readmission arrangements <sup>(4)</sup> (in force in both countries since 1 January 2008) was welcomed at these meetings.

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<sup>(1)</sup> COM(2008) 853. See ‘Syria’ in Chapter V, Section 4, ‘Middle East peace process’, of this Report.

<sup>(2)</sup> See ‘Lebanon’ in Chapter V, Section 4, ‘Middle East peace process’, of this Report.

<sup>(3)</sup> COM(2008) 823.

<sup>(4)</sup> See ‘Visas, management of external borders and internal movement’ in Chapter IV, Section 1, ‘Management of external borders and immigration’, of this Report.

At the European Union–Ukraine summit in Paris on 9 September a decision was adopted to conclude an association agreement at the earliest opportunity (one of the main pillars of which would be a free-trade area with the European Union) <sup>(1)</sup>. The summit also saw the opening of a visa dialogue with the long-term perspective of establishing a mutual visa-free regime between the European Union and Ukraine.

On 13 October the Council adopted conclusions in which it welcomed the increase in the pace of the European Union's relations with Moldova and stated that the European Union was ready to have a deeper relationship and to negotiate a new and ambitious agreement with Moldova soon (this agreement would include the aim of a free-trade area).

A mobility partnership signed with Moldova on 5 June <sup>(2)</sup> cleared the way for closer cooperation on migration management.

Relations between the European Union and Belarus remained frozen following the one-year extension of the restrictive measures on certain persons by the Council on 7 April <sup>(3)</sup>.

The European Union nevertheless continued to monitor the situation in Belarus closely, several statements being issued by the Council and the Commission and a number of resolutions being adopted by the European Parliament. In a statement, the European Union expressed regret that the situation of democracy, human rights and the rule of law was not improving in Belarus.

Following the parliamentary elections of 28 September and the positive developments in the run-up to voting (the release of the last political prisoners and the invitation to the Organisation for Security and Cooperation in Europe (OSCE) to observe the elections), the Council took stock of the situation in Belarus. It noted that some progress had been made during the electoral campaign compared with previous elections, but that the elections had still failed to meet the OSCE democratic criteria.

It consequently called, on 13 October, for gradual re-engagement with Belarus. In order to encourage dialogue with the Belarusian authorities and the adoption of positive measures to strengthen democracy and respect for human rights, it decided that the travel restrictions imposed on certain leading figures would not apply for a period of six months, reviewable.

The European Parliament adopted a resolution on the situation in Belarus on 9 October in which it called on the Council and the Commission to continue the dialogue with and

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<sup>(1)</sup> See 'Bilateral negotiations on free-trade agreements' in Chapter V, Section 2, 'International trade', of this Report.

<sup>(2)</sup> IP/08/893.

<sup>(3)</sup> Common Position 2008/288/CFSP (OJ L 95, 8.4.2008).

devise a policy vis-à-vis Belarus, based on a gradual step-by-step approach, containing benchmarks, timetables, a revision clause and adequate financial resources.

### **Caucasus**

On 17 January the European Parliament adopted a resolution on a more effective EU policy for South Caucasus. It welcomed the inclusion of Armenia, Azerbaijan and Georgia in the ENP and highlighted the geopolitical importance of these countries, not least in matters relating to energy. Parliament also reaffirmed that the principal objectives of the European Union were to encourage the development of the South Caucasus countries into open, peaceful, secure and stable states.

Following the outbreak of open conflict in Georgia in August, an extraordinary European Council met in Brussels on 1 September. The European Council condemned Russia's unilateral decision to recognise the independence of Abkhazia and South Ossetia and stated that the European Union was ready to commit itself, including through a presence on the ground, to support every effort to secure a peaceful and lasting solution to the conflict in Georgia. It also decided to step up relations between the European Union and Georgia, including visa facilitation measures and the possible establishment of a full and comprehensive free-trade area as soon as the conditions were met.

The European Council noted with concern the impact which the current crisis was having on the whole of the region. It considered it necessary to support regional cooperation and to step up the European Union's relations with its eastern neighbours, in particular through the development of the 'Black Sea synergy' initiative and the establishment of a new eastern partnership.

In a resolution adopted on 3 September, Parliament expressed its firm condemnation of all those who resorted to force and violence and called on Russia to respect Georgia's sovereignty and territorial integrity.

In accordance with the conclusions of the extraordinary European Council, the Council decided at its meeting of 15 and 16 September to send an independent civilian observer mission to Georgia (EUMM Georgia) under the European security and defence policy. The mission was tasked with contributing to the stabilisation and normalisation of the situation in the areas affected by the conflict, to oversee the deployment of Georgian police forces and to observe compliance with human rights and the rule of law. The Council also decided to appoint a European Union special representative for the crisis in Georgia <sup>(1)</sup>.

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(1) Joint Actions 2008/736/CFSP (OJ L 248, 17.9.2008), 2008/759/CFSP and 2008/760/CFSP (OJ L 259, 27.9.2008). See 'Contribution to stability in the Balkans and in South Caucasus' in Chapter V, Section 4, 'European security strategy and European security and defence policy', of this Report.



The Council also noted with satisfaction the contributions announced by the Member States with a view to deploying 340 observers in Georgia and in the zones adjacent to South Ossetia and Abkhazia by 1 October. It took note of the Commission proposal to mobilise financial aid for Georgia of the order of EUR 500 million for the period 2008–10.

The international donor conference for the reconstruction of Georgia in Brussels on 22 October pledged up to EUR 3.45 billion in aid. At its meeting of 18 to 20 November, the Council approved the Commission proposal to provide rapid assistance to Georgia, totalling EUR 50.7 million, following the summer crisis.

On 2 December the Council approved an independent international fact-finding mission on the conflict in Georgia. The aim of the mission is to investigate the origins and the course of the conflict, including with regard to international law, humanitarian law and human rights, and the accusations made in that context.

### **Arctic**

On 20 November the Commission adopted a communication 'The European Union and the Arctic region' <sup>(1)</sup>. The communication provides a comprehensive review of EU interests in the Arctic region involving issues falling under the Community's competence, whether individual or shared. It proposes action around three main policy objectives: protecting and preserving the Arctic; promoting sustainable use of resources; and enhancing Arctic multilateral governance. Consequently, this communication can be regarded as the first layer of a European Union Arctic policy. It is also an important step forward in implementing the integrated maritime policy.

## **Relations with Russia**

The European Union–Russia summit in Khanty-Mansiysk (Russia) on 26 and 27 June saw the launch of negotiations for the new European Union–Russia agreement to replace the 1994 partnership and cooperation agreement (PCA) (in force since 1997). The new agreement will build upon the current four 'common spaces' and their associated 2005 roadmaps: the common economic space; the common space of freedom, security and justice; the common space of external security; and the common space of research and education.

At the summit the European Union and Russia also announced an agreement to cooperate in seven joint cross-border cooperation (CBC) programmes over the period 2007–13, to which Russia and the European Community are to contribute EUR 122 million and

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<sup>(1)</sup> COM(2008) 763.

EUR 307 million, respectively, in addition to contributions from EU Member States and other partner countries.

In view of the open conflict in Georgia and Russia's military response, the extraordinary Council meeting of 1 September decided to postpone meetings on the negotiation of the partnership agreement until troops had withdrawn to the positions held prior to 7 August.

It also requested a careful in-depth examination of the situation and of the various aspects of European Union–Russia relations in the run-up to the summit in Nice on 14 November.

The European Council of 15 and 16 October noted with satisfaction that Russian troops had withdrawn from the zones adjacent to Abkhazia and South Ossetia, and the launching of the international discussions in Geneva. It nevertheless asked for a full in-depth evaluation of European Union–Russia relations.

On 5 November the Commission adopted a communication <sup>(1)</sup> which reviews relations between the European Union and Russia in the following areas: trade and investment; energy; external security; human rights; justice, freedom and security; research, education and culture; and financial assistance.

Following this communication, negotiations on the new European Union–Russia agreement resumed at the summit in Nice on 14 November.

On a more general level, implementation of the four common spaces specified in the partnership and cooperation agreement continued in 2008.

A memorandum on pesticides between the Commission and Russia was signed in this connection on 26 March, with the aim of helping to reduce the trade barriers faced by food exports from the European Union to Russia (common economic space).

On 24 and 25 April a cooperation plan between the European Agency for the Management of Operational Cooperation at the External Borders and the Russian border guard service was likewise adopted for the period 2007–10 (common space of freedom, security and justice).

The permanent partnership council met to discuss energy (on 8 October), justice and home affairs (on 24 and 25 April and 14 and 15 October) and foreign affairs (on 28 October).

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<sup>(1)</sup> COM(2008) 740.

### **General references and other useful links**

- Directorate-General for Enlargement:  
[http://ec.europa.eu/enlargement/index\\_en.htm](http://ec.europa.eu/enlargement/index_en.htm)
- Directorate-General for External Relations:  
[http://ec.europa.eu/external\\_relations/index\\_en.htm](http://ec.europa.eu/external_relations/index_en.htm)
- International Criminal Tribunal for the former Yugoslavia:  
<http://www.icty.org/>
- European neighbourhood policy:  
[http://ec.europa.eu/world/enp/index\\_en.htm](http://ec.europa.eu/world/enp/index_en.htm)

## Section 2

# The European Union in the global economy

### **Background**

*The European Union must continue its efforts to complete the single market, continue to promote increased global liberalisation and free and fair trade, and resist protectionism. The dismantling or reduction of high customs duties and non-tariff barriers to Community exports must, while taking account of development-related considerations, constitute one of the main priorities in the Union's trade policy.*

*The Commission's strategy in this matter involves expanding the competitive space for European firms beyond the physical boundaries of the single market, expanding the regulatory space of the single market by promoting cooperation on European standards and values abroad, and ensuring that the benefits of openness reach European citizens.*

## International trade

### **General**

On 27 October the Commission presented a report assessing the competitiveness of European trade in a changing global economy. The report notes that since the mid-1990s there has been a major redistribution of market shares not only between emerging and developed countries but also among developed countries themselves. The European Union has, on the whole, maintained its share of the global market in this competitive

environment. The Union remains the world's biggest exporter of manufactured goods, and dominates the markets for high-quality products. However, the report finds that the European Union must focus on investment in its high-technology manufacturing sector and continue to improve its market share in the fast-growing economies of Asia. The report reinforces the economic arguments behind the launch of the European Commission's 'Global Europe' trade policy framework in 2006.

In the framework of the action plan on sustainable consumption and production and sustainable industrial policy, the Commission will promote international trade in environment-friendly goods and services <sup>(1)</sup>.

### ***Multilateral negotiations: Doha Round***

In its resolution of 24 April on reform of the World Trade Organisation, the European Parliament reiterated its appeal to all parties concerned, especially the emerging economies, to show flexibility in order to revive the Doha Round and reach an agreement that is complete, balanced and beneficial both to the recovery of international trade and world growth and to the development of the less developed countries on the planet.

The ministerial negotiations to conclude the Doha Round took place in Geneva from 21 to 30 July. They reached an impasse following a disagreement on the exact wording of a special safeguard mechanism which would allow a developing country to increase its customs duties in the event of a sharp increase in agricultural imports following an opening-up of the market negotiated at the WTO. In December the chairmen of the agricultural and industrial products negotiating groups presented new texts which could have formed the basis for a decision on the arrangements for tariff reductions and other aspects of the agricultural negotiations (domestic subsidies and support for exports). However, the Director-General of the WTO considered that the political conditions for a ministerial meeting capable of reaching agreement on these arrangements were not in place.

The Council adopted conclusions on the Doha Round at its meeting of 15 September. The European Parliament stated its position on this subject in a resolution adopted on 9 October.

### ***Bilateral negotiations on free-trade agreements***

During the year bilateral negotiations with a view to concluding free-trade agreements continued with India, South Korea and the countries of the Association of South-East

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(1) See 'Small and medium-sized enterprises' in Chapter II, Section 2, 'Innovation and enterprise policy, of this Report.

Asian Nations, on the basis of the negotiating directives adopted by the Council in April 2007.

Negotiations also continued with the countries of the Gulf Cooperation Council, Central America and the Andean Community.

In February, following its accession to the World Trade Organisation, FTA negotiations were opened with Ukraine as an integral part of an association agreement.

### ***Market access strategy***

The implementation of the new strategy for market access launched in 2007 <sup>(1)</sup> continued throughout the year in order to improve access for European exporters to foreign markets. The stronger partnership between the Commission, the Member States and European businesses to identify, tackle and remove trade barriers proved to be effective. In 2008 the expert working groups that looked into new sectors (automobiles, information and communications technologies, services) and the setting-up of market access teams in almost 30 countries enabled substantial progress to be made.

On 16 December the Commission adopted a communication 'Reporting on market access and setting the framework for more effective international regulatory cooperation' <sup>(2)</sup>. This communication is the first report on market access. It puts forward the approach to be followed for the European Union to achieve its objective of openness at home and abroad and explains in particular how it can gain fair and open access to those third-country markets that matter most to European businesses, especially through regulatory cooperation. This report marks a further step in the efforts to reinforce the external dimension of the Lisbon strategy for growth and jobs beyond 2010.

### ***Settlement of disputes***

In 2008 the European Union was involved in 33 WTO trade disputes (15 as complainant, 18 as defendant), most of them with the United States (where the European Union was the complainant in seven cases and the defendant in five). The most notable case continues to be the Airbus–Boeing dispute concerning alleged subsidies to these manufacturers.

This dispute was the subject of a resolution adopted by the European Parliament on 9 July. Parliament fully supported the defence of EU interests in the pending dispute settlement proceedings before the WTO, but doubted whether WTO rulings in themselves

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<sup>(1)</sup> COM(2007) 183 (OJ C 181, 3.8.2007).

<sup>(2)</sup> COM(2008) 874. See Chapter II, Section 1, 'The Lisbon strategy: a partnership for growth and employment', of this Report.

would provide the necessary long-term solution the market required as a basis for future peaceful and fair competition in this sector which, by contrast, a negotiated solution could deliver.

Other disputes involved, for example, Brazil's restrictions on imported retreaded tyres, illegal measures applied by China affecting the import of motor vehicle spare parts, measures affecting the supply of financial information services in China, the EU's banana import arrangements, the retaliation measures taken by the United States and Canada in the 'EC-Hormones' dispute, the anti-dumping practice of 'zeroing' in the United States, and the tariff treatment granted by the European Union to certain information technology products.

### ***Commercial policy instruments***

The trade barriers regulation <sup>(1)</sup> was amended by the Council <sup>(2)</sup> on 12 February to remove the prohibition on Community enterprises relying exclusively on bilateral agreements to eliminate trade barriers.

On 11 March the Commission published a notice of initiation of an examination procedure under the trade barriers regulation with regard to the US ban on foreign Internet gambling and its enforcement <sup>(3)</sup>.

On 4 July the Commission adopted its 2007 report on third-country trade defence actions against the Community <sup>(4)</sup>. It counted 143 measures against the Community up to the end of 2007, taken mainly by Brazil, China, India, Mexico, Turkey, Ukraine and the United States.

The 2007 annual report on the Community's anti-dumping, anti-subsidy and safeguard activities <sup>(5)</sup> was published on 19 December. The report states that 2007 saw a significant drop in the number of new cases initiated as well as in the number of investigations terminated without the imposition of measures. However, the number of measures imposed, both definitive and provisional, remained at a level close to that of 2006. As regards reviews, there were more initiations in 2007 than in the previous year.

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<sup>(1)</sup> Regulation (EC) No 3286/94 (OJ L 349, 31.12.1994).

<sup>(2)</sup> Regulation (EC) No 125/2008 (OJ L 40, 14.2.2008).

<sup>(3)</sup> OJ C 65, 11.3.2008.

<sup>(4)</sup> COM(2008) 406.

<sup>(5)</sup> COM(2008) 877.

## ***Systems of preferences***

On 21 January the Council adopted a regulation introducing autonomous trade preferences for Moldova <sup>(1)</sup>. This regulation provides for duty- and quota-free access to the EU markets for all products originating in Moldova, except for certain agricultural products for which limited concessions are given in the form of exemption from customs duties within the limits of tariff quotas or of a reduction in customs duties. The Council amended the regulation on 20 November <sup>(2)</sup>.

On 22 July the Council adopted a regulation updating the EU scheme of generalised tariff preferences (GSP) for the period 2009–11 <sup>(3)</sup>. The GSP allows manufactured products and some agricultural products exported by developing countries access to the Community market with total or partial exemption from customs duties. The GSP consists of a general scheme for 176 beneficiary countries and territories and two special schemes taking account of the various needs of developing countries.

On 9 December the Commission adopted a decision granting 16 developing countries duty-free access to the EU market under the GSP+ for the period 2009–11. The GSP+ is a special incentive arrangement for sustainable development and good governance <sup>(4)</sup>.

## ***Individual sectors***

### **Textiles**

Following the accession of Ukraine to the World Trade Organisation, on 5 June the Commission amended <sup>(5)</sup> the regulation <sup>(6)</sup> on common rules for imports of certain textile products from third countries.

On 8 December the Council adopted a decision authorising the signing and the provisional application of an agreement with Belarus amending the existing agreement on trade in textile products <sup>(7)</sup>. This decision extended the current bilateral agreement for one year until 31 December 2009.

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<sup>(1)</sup> Regulation (EC) No 55/2008 (OJ L 20, 24.1.2008).

<sup>(2)</sup> Regulation (EC) No 1210/2008 (OJ L 328, 6.12.2008).

<sup>(3)</sup> Regulation (EC) No 732/2008 (OJ L 211, 6.8.2008).

<sup>(4)</sup> IP/08/1918.

<sup>(5)</sup> Regulation (EC) No 502/2008 (OJ L 147, 6.6.2008).

<sup>(6)</sup> Regulation (EEC) No 3030/93 (OJ L 275, 8.11.1993).

<sup>(7)</sup> Decision 2008/939/EC (OJ L 335, 13.12.2008).

Double-checking surveillance with China ended on 31 December 2008, thus freeing all textile imports from China as of 1 January 2009. A notice to economic operators on this subject was adopted by the Commission on 11 December <sup>(1)</sup>.

## Steel

On 28 January the Council adopted a regulation abolishing the double-checking system for the import of steel products from the former Yugoslav Republic of Macedonia to the European Community <sup>(2)</sup>.

Following the accession of Ukraine to the World Trade Organisation, on 26 May the Council repealed the regulation on administering certain restrictions on imports of certain steel products from Ukraine <sup>(3)</sup>.

On 24 October the Commission adopted a regulation amending the quantitative limits for 2008 and setting limits for 2009 for imports of certain steel products from Russia <sup>(4)</sup>.

On 8 December the Council adopted a regulation establishing quantitative limits for steel imports from Kazakhstan <sup>(5)</sup> to cover the interim period between 1 January 2009 and the entry into force of a new agreement in the field of steel or Kazakhstan's accession to the WTO, whichever is earlier.

## Customs union

In 2008 the work on establishing e-customs and laying down the Modernised Community Customs Code was concluded with the adoption of legislation by the European Parliament and the Council.

Thus the decision establishing electronic customs systems in Europe <sup>(6)</sup> was adopted on 15 January. It provides for a series of measures and deadlines with a view to replacing all customs procedures with interconnected national computerised procedures and creating a common electronic portal.

On 23 April the regulation on a Modernised Community Customs Code <sup>(7)</sup> was adopted. This will replace the present Customs Code dating from 1992 in order to adapt to de-

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<sup>(1)</sup> OJ C 316, 11.12.2008.

<sup>(2)</sup> Regulation (EC) No 79/2008 (OJ L 25, 30.1.2008).

<sup>(3)</sup> Regulation (EC) No 455/2008 (OJ L 137, 27.5.2008).

<sup>(4)</sup> Regulation (EC) No 1051/2008 (OJ L 282, 25.10.2008).

<sup>(5)</sup> Regulation (EC) No 1340/2008 (OJ L 348, 24.12.2008).

<sup>(6)</sup> Decision No 70/2008/EC (OJ L 23, 26.1.2008).

<sup>(7)</sup> Regulation (EC) No 450/2008 (OJ L 145, 4.6.2008).



velopments in international trade. The aim is to simplify the legislation, and streamline and computerise customs procedures.

In the year of the 40th anniversary of the customs union, the Commission proposed on 1 April a strategy for its evolution <sup>(1)</sup>. In this communication the Commission lists the renewed strategic objectives for customs, and proposes a coordinated approach to develop new working methods and competencies for customs. In its conclusions of 14 May the Council asked the Commission to develop an implementation plan by the end of 2009, in close cooperation with the Member States, to achieve these strategic objectives.

On 17 March the Council also adopted a regulation to improve the Community system of relief from customs duty <sup>(2)</sup> and a regulation amending the customs duties on goods contained in consignments sent by one private individual to another or contained in travellers' personal luggage <sup>(3)</sup>.

On 16 June the Council amended the regulation on Community tariff quotas to open new Community tariff quotas at zero rates of duty for specified amounts of certain industrial products <sup>(4)</sup> and the regulation temporarily suspending the autonomous common customs tariff duties on certain industrial, agricultural and fishery products <sup>(5)</sup>.

In addition, on 7 October the Commission adopted a report on the final evaluation of the Customs 2007 programme <sup>(6)</sup>, confirming the positive impact of the programme on the work of customs in the Community. It has reinforced coordination between the national customs administrations of the Member States and helped to create a safer environment for citizens and protect the Community's financial interests.

Finally, concerning the report from the Commission about the implementation of the action plan on a customs response to counterfeiting, on 25 September the Council invited the Commission, together with the Member States, to prepare a new European customs action plan to combat intellectual property rights (IPR) infringements for the period 2009–12.

In the field of international relations, an agreement on customs cooperation and mutual administrative assistance in customs matters between the European Community and Japan was concluded on 28 January <sup>(7)</sup>. The arrangements for implementation of

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<sup>(1)</sup> COM(2008) 169 (OJ C 202, 8.8.2008).

<sup>(2)</sup> Regulation (EC) No 274/2008 (OJ L 85, 27.3.2008).

<sup>(3)</sup> Regulation (EC) No 275/2008 (OJ L 85, 27.3.2008).

<sup>(4)</sup> Regulation (EC) No 556/2008 (OJ L 160, 19.6.2008).

<sup>(5)</sup> Regulation (EC) No 595/2008 (OJ L 164, 25.6.2008).

<sup>(6)</sup> COM(2008) 612.

<sup>(7)</sup> Decision 2008/202/EC (OJ L 62, 6.3.2008).

the agreement were discussed at the first meeting of the joint customs cooperation committee between the European Community and Japan in Brussels on 11 February.

The Commission and China concluded the negotiations for an agreement on the control of trade in drug precursors (for signature in 2009), and for an action plan on the customs enforcement of IPR.

Finally, work continued on the implementation of a joint European Union–Russia strategy agreed in 2007 in order to reduce congestion at the common border.

## **Transatlantic relations**

The summit between the European Union and the United States was held in Brdo (Slovenia) on 10 June. Among the main points discussed were assisting the development of Kosovo, following up on the Middle East peace initiative launched in Annapolis in 2007, shaping a comprehensive and binding post-2012 global agreement on tackling climate change, and the development of sustainable new forms of energy.

Issues that are already the subject of cooperation in the Transatlantic Economic Council (created at the 2007 summit), such as cooperation in the economic field and reducing administrative burdens for businesses on both sides of the Atlantic, were also discussed.

As to bilateral issues, the extension of the US programme of visa exemption for a number of EU Member States was also discussed <sup>(1)</sup>.

On 30 March the agreement on air transport between the European Union and the United States entered into force. On 30 June an agreement was also signed in the field of civil aviation safety <sup>(2)</sup>.

## **Relations with other industrialised and high-income countries**

### **G8 summit**

The G8 Heads of State or Government met in Toyako (Japan) from 7 to 9 July. The European Union was represented by the President of the European Commission. The G8 leaders focused in particular on the issues of climate change, development, the global economy and the increase in the price of foodstuffs and energy, stressing the need for a coordinated international response to these challenges.

(1) See 'Visas, management of external borders and internal movement' in Chapter IV, Section 1, 'Management of external borders and immigration', of this Report.

(2) See 'International cooperation' in Chapter II, Section 2, 'Transport', of this Report.

## ***Japan***

The summit between the European Union and Japan was held in Tokyo (Japan) on 23 April. Discussions focused on strengthening cooperation on the key global challenges, such as climate change and meeting the millennium development goals (MDGs), particularly in Africa. The meeting discussed the Doha Round negotiations, the global economic outlook and regional issues. Bilateral issues were also raised (such as improving trade and economic links, cooperation in civil aviation and full visa waiver reciprocity). A common declaration was adopted which contains, among other things, an annex on cooperation on consumer safety and protection.

An agreement on customs cooperation between the European Union and Japan was also signed on 30 January <sup>(1)</sup>.

## ***South Korea***

On 14 May the Council adopted a decision authorising the Commission to negotiate an update of the 2001 framework agreement for trade and cooperation with South Korea <sup>(2)</sup>. The negotiations started in June.

The negotiations launched in May 2007 with a view to a free-trade agreement between the European Union and South Korea progressed substantially in the course of 2008, with two rounds of negotiations and regular meetings at ministerial, negotiator and expert levels.

In addition, a cooperation agreement on anti-competitive practices and a horizontal agreement on air services were initialled in September and November respectively.

## ***Canada***

A summit between the European Union and Canada was held in Quebec on 17 October. The agenda focused on the financial crisis and the global economy, strengthening the economic links between the European Union and Canada and regional issues.

The summit provided a strong political impetus towards rapidly defining the framework for a new partnership to strengthen economic integration between the European Union and Canada.

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<sup>(1)</sup> See Chapter V, Section 2, 'Customs union', of this Report.

<sup>(2)</sup> OJ L 90, 30.3.2001.

It was also an opportunity to launch common initiatives and to deepen relations on current challenges, such as international peace and security, energy and preservation of the environment.

### ***New Zealand***

A meeting between the EU ministerial troika and New Zealand was held in Ljubljana on 30 April. At this meeting the European Union and New Zealand noted with satisfaction the progress made in implementing the new joint declaration on relations and cooperation (adopted in September 2007). The discussions also covered international and regional issues.

### ***Australia***

A new framework for partnership between the European Union and Australia, which is to form the basis for bilateral relations in the years to come, was adopted on 29 October. It includes an action plan covering in particular security and cooperation in the fight against terrorism, cooperation in Asia and the Pacific, education, science and technology, and cooperation in the fields of the environment, climate change and energy.

The European Union and Australia also signed an agreement in the field of aviation (on 29 April) <sup>(1)</sup> and an agreement on passenger name record data (on 30 June) <sup>(2)</sup>.

### ***European Economic Area, relations with the EFTA countries***

On 28 January the Council concluded two agreements with Switzerland on participation in the Schengen *acquis* and in the Dublin/Eurodac *acquis*. The first agreement associates Switzerland with the Schengen area <sup>(3)</sup> and the second concerns the criteria and mechanisms for determining the Member State responsible for examining an asylum application lodged in one of the Member States. Switzerland actually joined the Schengen area on 12 December <sup>(4)</sup>.

Similarly, on 18 April the Council adopted a decision authorising the Commission to start negotiations on concluding an arrangement between the European Community, Liechtenstein and Switzerland on the conditions for participation of these states in the activities of the European Agency for the Management of Operational Cooperation at the External Borders.

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<sup>(1)</sup> IP/08/660.

<sup>(2)</sup> Decision 2008/651/CFSP/JHA (OJ L 213, 8.8.2008).

<sup>(3)</sup> OJ L 53, 27.2.2008.

<sup>(4)</sup> See 'Enlargement of the Schengen area' in Chapter IV, Section 1, 'Management of external borders and immigration', of this Report.

On 24 July the Council also approved an agreement between Eurojust and Switzerland with the aim of extending cooperation in the fight against international crime.

On 24 October it adopted a decision on the conclusion of a protocol between the European Community, Switzerland and Liechtenstein on the criteria and mechanisms for establishing the state responsible for examining a request for asylum lodged in a Member State, in Switzerland or Liechtenstein <sup>(1)</sup>.

In addition, on 4 November negotiations were launched between the European Union and Switzerland with a view to the full liberalisation of trade in agricultural products <sup>(2)</sup>.

On 10 December the Commission adopted a proposal for a decision on the signing and conclusion of the cooperation agreement with Liechtenstein to combat fraud and any other illegal activity to the detriment of their financial interests <sup>(3)</sup>. At its meeting on 18 and 19 December the Council adopted a decision on the conclusion of an agreement of the same type with Switzerland.

## Relations with emerging countries

### *China*

The European Union and China started high-level economic and trade talks on 25 April <sup>(4)</sup>. This new mechanism for discussions (adopted at the summit of November 2007 to compensate for the imbalance in trade flows between the European Union and China) puts the emphasis on durability and interdependence. The two sides agreed on an ambitious and far-reaching remit for the dialogue and began targeted discussions.

On 17 October the Commission presented an EU strategic initiative <sup>(5)</sup> on trilateral cooperation between the European Union, Africa and China <sup>(6)</sup>.

In the course of the year the European Parliament adopted a number of resolutions concerning China. Thus China's policy in Africa was the subject of a resolution adopted on 23 April. Parliament called on the European Union to develop a coherent strategy to respond to the new challenges posed by emerging donors in Africa, such as China. It stressed that such a response must not attempt to emulate China's methods and aims,

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<sup>(1)</sup> COM(2006) 753 (OJ C 126, 7.6.2007).

<sup>(2)</sup> COM(2008) 509.

<sup>(3)</sup> COM(2008) 839.

<sup>(4)</sup> IP/08/648.

<sup>(5)</sup> COM(2008) 654.

<sup>(6)</sup> See 'Cooperation with the African, Caribbean and Pacific countries and overseas countries and territories' in Chapter V, Section 3, 'Regional approaches', of this Report.

since that would not necessarily be compatible with the EU's values, principles and long-term interests.

On 10 July Parliament adopted a resolution on the situation in China after the earthquake and before the Olympic Games. It expressed satisfaction at the developments in EU–China relations, the sectoral dialogues and the closer collaboration on various global issues. It also noted with satisfaction that China had not hesitated to accept the help of the international community in helping the victims in the Sichuan region and facilitating the operation of voluntary humanitarian aid organisations in distributing aid.

In addition, an agreement with China on maritime transport was signed on 28 January <sup>(1)</sup>, and the Council adopted a decision authorising the conclusion of an agreement on combating drugs <sup>(2)</sup>. On 13 November an agreement was signed between the European Union and China (together with Canada and the United States) on the treatment of financial information services in China <sup>(3)</sup>.

Moreover, the seventh EU–China conference on energy was held on 6 and 7 November, and the first EU–China–United States summit on product safety took place on 17 November <sup>(4)</sup>.

On 26 November the Council adopted a declaration stating that the Chinese authorities had informed the European Union of their decision to request a postponement of the 21st EU–China summit planned for 1 December, on the grounds of a visit at the same time by the Dalai Lama to several countries of the European Union. The European Union regretted this decision and intended to continue promoting its strategic partnership relationship with China, particularly in view of the current global economic and financial situation.

## **India**

The ninth EU–India summit was held in Marseille on 29 September. At this summit the European Union and India adopted a revised joint action plan in order to adapt their strategic partnership to the major global challenges, including energy security, climate change (with the adoption of a joint work programme), food security, the international financial crisis, terrorism and the regulation of international trade. A new impetus was given to the negotiations on a free-trade agreement and a maritime transport agreement. The horizontal civil-aviation agreement was signed. The issue was also raised of possible cooperation in the civil nuclear sector.

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<sup>(1)</sup> OJ L 46, 21.2.2008.

<sup>(2)</sup> COM(2008) 437. See 'Fight against drugs', in Chapter IV, Section 1, 'Fight against terrorism, crime and drugs', of this Report.

<sup>(3)</sup> IP/08/1702.

<sup>(4)</sup> IP/08/1717.

In addition, in its resolution of 24 September the European Parliament stressed its commitment to establishing a global free-trade agreement between the European Union and India. Parliament recalled the many global challenges facing India and the European Union, and also welcomed the opening in New Delhi of the European Business and Technology Centre, which would help to foster links in the trade and research sectors.

### **Brazil**

On 20 November the first ministerial meeting took place in the framework of the EC–Brazil dialogue on energy policy, in order to deepen links in this field <sup>(1)</sup>.

On 22 December the second EU–Brazil summit was held in Rio de Janeiro. At this summit the joint EU–Brazil action plan setting out the political priorities and actions of the EU–Brazil strategic partnership for the next three years was adopted. The main themes in this action plan are promoting sustainable development, regional cooperation, organised crime, corruption, migration and visa and consular questions.

### **South Africa**

The first EU–South Africa summit was held in Bordeaux on 25 July. This summit put relations between the European Union and South Africa on a higher level, making South Africa a true strategic partner. The participants discussed current political, security and social issues, such as immigration, climate change, peace and security.

In addition, the agreement on trade, development and cooperation with South Africa was revised on 7 April <sup>(2)</sup>. The political dimension of the agreement has been reinforced (by extending it to cover issues concerning justice, freedom and security) and a number of provisions on economic cooperation have been updated.

As regards the economic partnership agreement between the Southern African Development Community (SADC) and the European Union, South Africa has not yet determined its position on participation in this agreement.

### **General references and other useful links**

- Directorate-General for Trade:  
[http://ec.europa.eu/trade/index\\_en.htm](http://ec.europa.eu/trade/index_en.htm)
- World Trade Organisation:  
<http://www.wto.org/index.htm>

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<sup>(1)</sup> IP/08/1755.

<sup>(2)</sup> COM(2008) 50 (OJ C 118, 15.5.2008).

- Doha Development Agenda:  
[http://ec.europa.eu/trade/issues/newround/doha\\_da/index\\_en.htm](http://ec.europa.eu/trade/issues/newround/doha_da/index_en.htm)  
[http://www.wto.org/english/tratop\\_e/dda\\_e/dda\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/dda_e.htm)
- Directorate-General for External Relations:  
[http://ec.europa.eu/external\\_relations/index\\_en.htm](http://ec.europa.eu/external_relations/index_en.htm)

### Section 3

## Contributing to international solidarity

### Background

*The European Union acts both at multilateral and bilateral levels through the financial instruments at its disposal <sup>(1)</sup> to promote and protect human rights and to foster democratic developments and respect for the rule of law worldwide. It ensures that human rights and the components of sustainable development, namely environmental protection, social equity and cohesion, and economic prosperity, are systematically integrated in its relations with other countries.*

*The European Union also provides emergency assistance to victims of natural and man-made disasters through its humanitarian aid policy <sup>(2)</sup>. It carries out its humanitarian assistance mission by funding relief operations through its partners who implement aid in the field.*

*Given its responsibility as the world's biggest donor of development aid, the European Union focuses on making aid more effective.*

## Protecting and promoting common values beyond the borders of the European Union

The European Union continued to play an active role at multilateral level in the United Nations Human Rights Council. The year was particularly notable for the first session of the universal periodic review, the new mechanism for reviewing all countries from the point of view of human rights.

<sup>(1)</sup> Financing instrument for the promotion of democracy and human rights worldwide — Regulation (EC) No 1889/2006 (OJ L 386, 29.12.2006). Instrument for Stability — Regulation (EC) No 1717/2006 (OJ L 327, 24.11.2006). Financing instrument for development cooperation — Regulation (EC) No 1905/2006 (OJ L 378, 27.12.2006).

<sup>(2)</sup> Humanitarian aid instrument — Regulation (EC) No 1257/96 (OJ L 163, 2.7.1996) and the European Development Fund for the ACP States and OCT.



The European Union also contributed to the work of the UN General Assembly in the field of human rights, particularly as regards monitoring commitments entered into under the December 2007 resolution on the abolition of the death penalty.

At regional level, human rights issues were consistently integrated in policy dialogues with the ACP states and the ENP beneficiary countries, while the European Union and the African Union decided to establish a regular human rights dialogue.

On the bilateral front, the European Union pursued some 30 human rights dialogues with non-member countries including China, Laos, Morocco and the central Asian countries, including Uzbekistan, while human rights consultations continued with Canada, Japan, New Zealand, Russia, the United States and the candidate countries for accession to the European Union.

In addition to this cooperation-based approach, the European Union undertook specific démarches whenever serious human rights violations occurred throughout the world, such as in Bolivia, China, Iran, Sri Lanka or Sudan.

At a more specific level, on 29 April the Council adopted revised guidelines on EU policy towards third countries on torture and other cruel, inhuman or degrading treatment or punishment. The purpose of these guidelines is to provide the European Union with an operational tool to be used in contacts with third countries at all levels and in multilateral human rights forums.

On 16 June the Council revised the European Union's guidelines on the death penalty. The signing of a joint European Union and Council of Europe declaration organising a European Day against the death penalty on the same day as the World Day against the death penalty (10 October) further confirmed the commitment of the European institutions to continue working towards universal abolition of the death penalty.

To mark the 60th anniversary of the Universal Declaration of Human Rights and the 10th anniversary of the United Nations Declaration on Human Rights Defenders, a conference organised by the European Parliament, the Commission and the United Nations in Brussels on 7 and 8 October was attended by human rights defenders from more than 40 countries. The conference reviewed the support mechanisms developed by the United Nations, the European Union and the Council of Europe in favour of human rights defenders and discussed ways of improving coordination and cooperation among the different international institutions and civil society organisations active in this area.

On 24 October the Council adopted the 10th European Union annual report on human rights.

The instrument for the promotion of democracy and human rights worldwide <sup>(1)</sup> became fully operational in 2008. Over the year 10 electoral assistance missions and four election expert missions were deployed outside the European Union. Country-based support schemes managed by Community delegations were also implemented in 47 countries. A total of EUR 143 million was allocated under this instrument in 2008.

## Development policy

### *General*

The European Union confirmed its commitment over the year to the United Nations millennium development goals.

On 9 April the Commission presented a communication on ways of speeding up progress to the MDGs <sup>(2)</sup>, and in particular how the European Union could contribute. The communication looks at four different ways in which the Commission and Member States have pledged to improve aid for poor countries: more money, more effective aid, more coherent policies, and better trade capacity.

At its meeting of 27 May, the Council stated its belief that all MDGs could be achieved in all regions provided that immediate, concerted action was taken and sustained for the seven years that remained for attaining them.

The European Council of 19 and 20 June advocated a strong, collective EU response. In particular, with a view to attaining all MDGs, the European Union reaffirmed its commitment to achieve a collective overseas development assistance target of 0.56 % of gross national income (GNI) by 2010 and 0.7 % of GNI by 2015.

On 23 June the Commission presented its annual report on the European Community's development and external assistance policies and their implementation in 2007 <sup>(3)</sup>. The report confirms the European Union's status as the world's leading donor, contributing 60 % of total official development assistance.

The third high-level forum on aid effectiveness in Accra (Ghana) from 2 to 4 September marked an important step in the effective implementation of the Paris Declaration on aid effectiveness adopted in 2005. The international community reached agreement at the forum on an ambitious action plan for reforming the delivery and use of aid (Accra action programme).

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<sup>(1)</sup> Regulation (EC) No 1889/2006 (OJ L 386, 29.12.2006).

<sup>(2)</sup> COM(2008) 177 (OJ C 202, 8.8.2008).

<sup>(3)</sup> COM(2008) 379 (OJ C 10, 15.1.2009).

On 8 October the Commission published a communication 'Local authorities: Actors for development' <sup>(1)</sup>, which seeks to highlight the importance of these key actors in achieving the millennium development goals and proposes a European action framework in order to enhance the aid effectiveness of local authorities active in development cooperation.

At the United Nations Conference on Financing for Development held in Doha from 28 November to 2 December, the Commission called on donors to stick to their promises and increase aid for poor countries. It stressed that the financial crisis should not be used as an excuse to cut development assistance. The European Union reiterated its pledge to increase its development assistance to 0.7 % of its GNI by 2015. The conference also examined the implementation of the Monterrey Consensus (the first international convention on financing for development, adopted in 2002). It culminated in the adoption of the Doha Declaration on Financing for Development.

On 18 December the Commission signed a EUR 4 million contribution agreement towards the enhanced integrated framework (EIF) <sup>(2)</sup>. The EIF is a partnership to support the sustainable development of least developed countries (LDCs). It brings together LDCs, international agencies and donors to ensure the integration of trade needs into national development plans and the implementation of priority trade projects.

On 18 July, as a rapid response to soaring world food prices, the Commission proposed a regulation <sup>(3)</sup> on the introduction of a special facility worth EUR 1 billion. The basic aim of the facility, scheduled for three years, is to save the 2009 and 2010 harvests of the worst-hit countries by providing them with the necessary inputs (e.g. seed or fertilisers). Accompanying measures of a social nature and others designed to ensure a transition between emergency aid and the traditional cooperation programmes are also planned. The regulation was adopted by the European Parliament and the Council on 16 December <sup>(4)</sup>.

### ***Human and social development***

The Commission continued to be actively committed in 2008 to taking forward the achievement of the millennium development goals in education, health, gender equality and employment.

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<sup>(1)</sup> COM(2008) 626.

<sup>(2)</sup> IP/08/2029.

<sup>(3)</sup> COM(2008) 450. See 'Agricultural prices and related measures' in Chapter III, Section 2, 'Agriculture and rural development', of this Report.

<sup>(4)</sup> Regulation (EC) No 1337/2008 (OJ L 354, 31.12.2008).

It played an active role in world forums in the education and health fields, notably in the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria, and in the 'Education for all' fast-track initiative.

There was progress during the year on children's rights, health and gender equality.

On 5 February the Commission presented a communication 'A special place for children in EU external action' <sup>(1)</sup>, setting out a comprehensive EU policy framework for enhancing existing initiatives to satisfy children's needs and to protect and promote their human rights in third countries.

At its meeting of 26 and 27 May, the Council adopted conclusions on the rights of the child in development cooperation and humanitarian aid and, on 16 June, it adopted the updated version of the guidelines on children in armed conflict.

In the social protection and health field, the Commission and the Presidency of the European Union presented a joint document on 18 September 'Sickness insurance cover and healthcare financing in developing countries: Towards a framework for concerted intervention by the European Union'. On 16 September the Commission also adopted a progress report on the implementation of the European programme for action to tackle the critical shortage of health workers in developing countries <sup>(2)</sup>. These documents, both concerning strengthening health systems, were discussed at the informal ministerial meeting of 29 and 30 September in Bordeaux. On 10 November the Council called for implementation of the European action programme to be speeded up. It also emphasised the need for the Union to set up a concerted assistance framework for sickness risk coverage and the financing of health systems in developing countries.

The European Union confirmed its commitment to providing the necessary political and financial support to promote the role of women and gender equality. On 6 March the Commission organised an international conference in Brussels 'Women: Stabilising an insecure world'. In September, as a follow-up to the conference, a group of some 40 leading women in politics, business and civil society asked the Secretary-General of the United Nations to arrange a ministerial conference in 2010 in order to evaluate the implementation of UN Security Council Resolution 1325 (2000) on women, peace and security.

In the course of the year the Council and the Commission prepared a joint paper on a comprehensive approach to EU implementation of UN Security Council Resolutions 1325 (2000) and 1820 (2008) on women, peace and security. The Council approved this global approach on 8 December.

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<sup>(1)</sup> COM(2008) 55 (OJ C 118, 15.5.2008).

<sup>(2)</sup> COM(2006) 870 (OJ C 126, 7.6.2007).

### ***Integrating climate change in development cooperation***

The European Union strengthened its external action on climate change during the year.

Under the thematic programme for the environment and sustainable management of natural resources, including energy <sup>(1)</sup>, EUR 101 million was allocated to help promote the European Union's environmental and energy policies abroad. The most important activities were in the areas of energy efficiency, renewable energies and forestry.

On 27 November the Commission contributed EUR 24.5 million to the Global Index Insurance Facility (GIIF). The GIIF aims to mitigate risks relating to climate and natural disasters in African, Caribbean and Pacific countries through the application of index insurance <sup>(2)</sup>.

On 15 July the Commission adopted a working paper on the implementation framework of the Global Climate Change Alliance <sup>(3)</sup>. The GCCA provides for enhanced dialogue between the European Union and the poor developing countries hit hardest by the impact of climate change, in particular least developed countries and small island developing states. Joint declarations were concluded under the GCCA framework with the Caribbean countries (in March), the Pacific countries (in October) and the African countries (in November). An initial scheme has been approved for Vanuatu, while 10 new schemes are being prepared with the most vulnerable countries.

The Commission used a variety of methods to integrate climate change into project design and external relations instruments, including policy dialogue with non-member countries at bilateral and regional levels and with regional and international organisations, the green diplomacy networks and its own network of delegations. All the above measures have contributed to the emergence of European climate change diplomacy, strengthening the European Union's presence and identity as an international player.

### ***International cooperation in the fight against drugs***

The European Union continued throughout the year to promote its balanced approach in the fight against drugs (balancing the reduction in demand against the reduction in supply) at multilateral and bilateral levels. Drugs-related development aid projects continued to be a priority in countries affected by the production, transit, trafficking and consumption of drugs.

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<sup>(1)</sup> COM(2006) 20 (OJ C 151, 29.6.2006).

<sup>(2)</sup> IP/08/1782.

<sup>(3)</sup> SEC(2008) 2319.

At multilateral level, the Commission played an active role in the annual meeting of the United Nations Commission on Narcotic Drugs (9 to 14 March in Vienna), particularly as regards evaluation of the results of the anti-drugs strategy adopted at the General Assembly special session in 1998.

At bilateral level, the Commission put the emphasis on improving cooperation with the countries of Latin America and the Caribbean in the fight against drugs. The high-level meeting on drugs with these countries (meeting of the Coordination and Cooperation Mechanism on Drugs between the European Union, Latin America and the Caribbean) in Vienna on 4 and 5 March adopted the Hofburg Declaration underlining the importance of the mechanism.

A cooperation project was launched in the fight against illicit drugs (PRADI CAN — *Programa Antidrogas Ilícitas en la CAN*) under the regional strategy for cooperation with the Andean Community signed in April 2007.

The European Union ministerial troika also held meetings on the subject of drugs with Afghanistan, Mauritania, Ukraine, the United States, the western Balkans and the Economic Community of West African States.

Some EUR 610 million was allocated to a multiannual programme in Afghanistan <sup>(1)</sup> for the period 2007–10 aimed at supporting governance, rural development and health (including EUR 144 million for 2008). Approximately EUR 180 million (30 %) was allocated to the fight against drugs in the period 2007–10. A further total of EUR 5 million was allocated in 2008 to the fifth phase (2009–13) of the central Asia drug action programme.

In addition to the geographical financial instruments in the fight against drugs, multi-region, multi-component programmes targeting the heroin and cocaine routes were adopted in 2008 under the Instrument for Stability <sup>(2)</sup>.

## **Commodities**

On 21 January the Council adopted a decision <sup>(3)</sup> regarding the position to be taken by the Community within the International Cocoa Council on the extension of the International Cocoa Agreement of 2001.

The decision on the signing and conclusion of a new International Coffee Agreement <sup>(4)</sup>, replacing the 2001 agreement, was adopted by the Council on 16 June. The objective of the agreement remains the promotion of international cooperation on the coffee trade.

<sup>(1)</sup> See 'Afghanistan' in Chapter V, Section 4, 'Reconstruction process', of this Report.

<sup>(2)</sup> Regulation (EC) No 1717/2006 (OJ L 327, 24.11.2006).

<sup>(3)</sup> Decision 2008/76/EC (OJ L 23, 26.1.2008).

<sup>(4)</sup> Decision 2008/579/EC (OJ L 186, 15.7.2008).

## Humanitarian aid

### *General*

In 2008 the Commission's response to humanitarian crises in some 60 countries was channelled through 90 financing decisions for a total amount of EUR 936.6 million. The initial budget of EUR 741 million was supplemented in response to humanitarian needs arising from the increase in world food prices, which affected many already at risk.

In terms of numbers of beneficiaries, 118 million persons were assisted by projects financed under the humanitarian aid budget line.

Of the funds allocated by the Commission to its partners that implement humanitarian aid in the field, 44 % went to non-governmental organisations, 46 % to United Nations agencies and 10 % to other international organisations.

Although, in humanitarian aid terms, the year saw no major natural disasters, a flurry of medium-scale disasters occurred, including cyclones in Bangladesh, Madagascar and Myanmar, an earthquake in China, hurricanes in the Caribbean, flooding in Ecuador, India, Namibia and Nepal, a cold wave in Tajikistan, a typhoon in Vietnam, frosts and drought in the Palestinian territories, and epidemics in west Africa, Guinea-Bissau, the Caribbean and Latin America.

Elsewhere, as regards conflicts, 2008 saw the crisis in Georgia, while other complex crises that already existed in previous years, notably involving Palestinian refugees and Colombia, Sri Lanka, Sudan and Pakistan, continued and, in some cases, even worsened.

The Commission continued to pay particular attention to 'forgotten' crises, i.e. existing crisis situations where major humanitarian needs receive little attention from donors, allocating a total of EUR 41.35 million. A number of cases have been identified as forgotten crises since 2004, e.g. the situation of Sahrawi refugees in Algeria, and the crises in Chechnya, Myanmar and Nepal.

In terms of policy, on 22 July the Council adopted the action plan <sup>(1)</sup> presented by the Commission in May for the implementation of the 2007 European consensus on humanitarian aid, welcoming it as an important contribution to efficient, well-coordinated and reinforced European humanitarian aid. As one of the key actors, the Council engages actively in the implementation of the action plan. It noted that a partnership approach is fundamental to the effective delivery of humanitarian aid and that actions outlined

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(1) SEC(2008) 1991.

in the action plan should be pursued where appropriate in close collaboration with the humanitarian partner organisations and other stakeholders.

As part of the implementation of the action plan, the European Parliament and the Commission organised a conference on international humanitarian law (IHL) in Brussels on 16 September. The objective of the conference was to raise awareness about IHL violations and to discuss, in the spirit of the EU consensus on humanitarian aid, what more could be done to promote compliance with IHL at European Union level.

On 5 March the Commission adopted a communication on reinforcing the European Union's disaster response capacity <sup>(1)</sup>. In order to rise to the growing challenges posed by natural and man-made disasters, the communication proposes that the European Union strengthens its capacity at home and abroad to provide civil protection and humanitarian assistance.

In terms of humanitarian aid management, the Commission examined, re-evaluated and updated the partnership agreement governing relations with its NGO partners by streamlining procedures without compromising monitoring of the management or supervision of the aid delivered.

### ***Main humanitarian aid operations***

In 2008 the Commission allocated more than EUR 936.6 million to humanitarian aid operations. The main operations financed are set out by region in Table 2 below.

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(1) COM(2008) 130 (OJ C 202, 8.8.2008). See 'Civil protection' in Chapter IV, Section 2, 'Civil protection and European Union Solidarity Fund', of this Report.



**Table 2****Humanitarian aid financing decisions (2008 budget) by geographical area (EUR)**

<b>Intervention regions</b>	<b>Amount decided for 2008</b>
<b>Africa, Caribbean and Pacific (total)</b>	<b>551 847 000</b>
Sudan and Chad	197 000 000
Horn of Africa	167 897 000
Central and southern Africa and the Indian Ocean	126 200 000
West Africa	39 100 000
Caribbean	21 650 000
<b>New Independent States, Middle East and Mediterranean (total)</b>	<b>152 635 000</b>
Mediterranean and Middle East	124 860 000
Europe, Caucasus and central Asia	27 775 000
<b>Asia and Latin America (total)</b>	<b>192 327 000</b>
South Asia	94 257 000
South-east and east Asia	64 000 000
Latin America	34 070 000
<b>Other</b>	<b>39 832 941</b>
Non-geographic aid (capacity building, grants, services, etc.)	7 020 614
<b>Technical assistance (experts and offices)</b>	<b>25 000 000</b>
<b>Other expenses (audits, evaluations, information)</b>	<b>7 812 327</b>
<b>Total</b>	<b>936 641 941</b>

The main theatres of operation were in the following countries and regions:

- Africa:
  - in Sudan (EUR 167 million) in response to humanitarian needs (including food aid) arising from the conflict situation affecting the region; a further EUR 30 million was allocated to refugees in Chad;
  - in the Horn of Africa a drought-preparedness programme was set up for more than EUR 30 million, targeting aid in areas including water, animal health, human health, drought preparations and coordination;
  - in the Democratic Republic of the Congo, more than EUR 45 million was allocated in humanitarian and food aid, mainly in the provinces of Kivu; the aid provided assistance to displaced persons, contributed to the return of refugees in neighbouring countries and helped restore the self-sufficiency level of families in the Katanga region;
  - in Somalia (EUR 34.8 million) to provide aid to the victims of a crisis that deteriorated after the start of the year; the main sectors of intervention were healthcare, water and sanitation, food aid, including the distribution of rations to the worst-hit areas, and multisector aid to displaced persons;
- Middle East:
  - for the people of Palestine (EUR 82.7 million), with the most vulnerable being assisted in the following areas: psychological protection and support, water, health,

- shelters, and support and security services; aid was also provided in response to requirements arising from drought and cold weather conditions; additional aid amounting to EUR 8 million was allocated to meet the needs of refugees in the Nahr al-Bared camp in Lebanon;
- for victims of the crisis in Iraq (EUR 30 million) both inside and outside the country (Jordan and Syria and, to a lesser extent, Lebanon and Turkey), and in response to requirements arising from the drought in northern Iraq;
  - Asia:
    - in Myanmar (EUR 39 million) to assist the vulnerable in the regions bordering Bangladesh, India, China and Thailand, and refugees in camps in Thailand; the aid covered requirements with regard to protection, basic healthcare, water and sanitation, and food aid;
    - in Afghanistan, Iran and Pakistan (EUR 36.3 million) where humanitarian and food aid programmes were launched to provide assistance to the most vulnerable in the areas of water and sanitation, shelter and protection, and to help with the return of refugees to Iran and Pakistan;
  - Latin America:
    - in Colombia (EUR 12.5 million) with assistance involving activities in the following areas: protection; emergency aid (food and non-food aid) to recently displaced persons; water and sanitation; shelter; access to healthcare; food security; psychological support to displaced persons. The above measures included aid to rural communities whose access to goods and services is restricted, and to returnees; initiatives for the protection of children were also set in motion.

### ***Food aid***

A budget of EUR 223.25 million was allocated to food aid in 2008. However, on account of the world food crisis and the rise in food prices, the Commission made additional resources available from the emergency aid reserve. At the end of the year, the humanitarian food aid budget stood at EUR 363.25 million, sufficient to help 25 million persons. This amount is included in the total of EUR 936.6 million committed in response to humanitarian crises (see above).

### ***Disaster preparedness***

In 2008, as part of its support for disaster-preparedness activities, the Commission launched new projects in southern Africa, central and south-east Asia, and Central America totalling EUR 32.3 million (under its Dipecho programmes).

In terms of numbers of beneficiaries, some 20 million persons were assisted by projects financed under the disaster-preparedness budget line.

## Regional approaches

### ***Cooperation with the African, Caribbean and Pacific countries and overseas countries and territories***

#### **Financial cooperation**

Funding under the 10th European Development Fund covering the period 2008–13 became available on 1 July following the entry into force of the revised Cotonou Agreement (see below).

A new instrument — the MDG contract — was made available to seven African countries (Burkina Faso, Ghana, Mali, Mozambique, Rwanda, Uganda and Zambia). The MDG contract is a longer-term, more predictable form of general budgetary support that the European Union has launched in a number of ACP countries under the 10th EDF. It is intended to help the beneficiary countries accelerate progress towards the millennium development goals. In 2008 MDG contracts accounted for 61 % (or EUR 1.521 billion) of all budgetary support commitments.

The African Peace Facility was allocated EUR 300 million under the 10th EDF for the period 2008–10. These funds are intended to develop the African Union's capacity to engage in peace support and peacekeeping operations in Africa.

EDF operations undertaken for the benefit of the ACP states and overseas countries and territories (OCTs) in 2008 came to a total of EUR 4.889 billion. The breakdown of this amount is given in Table 3. The Commission adopted 60 annual action programmes. Most EDF commitments in 2008 concerned the health (EUR 218 million) and government and civil society (EUR 345 million) sectors. Budgetary and sectoral support programmes accounted for 51 % of the new programmes approved during the year.

**Table 3**

**EDF operations for the benefit of the ACP states and OCTs in 2008** *(million EUR)*

<b>Intervention regions</b>	<b>Amount decided for 2008</b>
Africa	3 939
Caribbean	126
Pacific	12
OCTs	18
Non-geographical programmes	795
<b>Total</b>	<b>4 890</b>

## Revision of the Cotonou Agreement

On 28 April the Council adopted a decision <sup>(1)</sup> approving the revised Cotonou Agreement (revision negotiated in 2005) governing relations between the European Union and the ACP states. This decision incorporates new provisions in the Cotonou Agreement, mainly concerning the fight against terrorism and the proliferation of weapons of mass destruction, financial provisions and political dialogue on human rights, democratic principles and the rule of law. After being ratified by all the parties, the revised agreement entered into force on 1 July.

## Regional economic partnership agreements

On 15 October an EPA was signed between the European Union and the Caribbean region countries (Cariforum) <sup>(2)</sup>. The EPA is the first genuinely comprehensive North–South trade and development agreement in the global economy. It includes a package of measures to stimulate trade, investment and innovation, promote sustainable development, build a regional market among Caribbean countries and help eliminate poverty.

On 26 November an interim EPA was signed between the European Union and Côte d'Ivoire <sup>(3)</sup>. As regards the African and Pacific regions, on 10 July the Commission presented two proposals for interim EPAs with central Africa <sup>(4)</sup> (currently concerning Cameroon) and Ghana <sup>(5)</sup>. On 18 September it presented two proposals in relation to the interim EPA with the Southern African Development Community group of states <sup>(6)</sup>. It submitted similar proposals regarding the East African Community (EAC) on 30 September <sup>(7)</sup>, and the Pacific countries <sup>(8)</sup> and east and southern Africa (ESA) <sup>(9)</sup> on 17 December.

All the above interim agreements are stepping stones towards comprehensive EPAs, negotiations on which continued with whole regions during 2008.

## ACP states

On 1 October the Commission adopted a communication 'Regional integration for development in ACP countries' <sup>(10)</sup> which identifies five challenges and priorities for which the European Union could help developing countries take full advantage of regional

<sup>(1)</sup> Decision 2008/373/EC (OJ L 129, 17.5.2008; OJ L 132, 22.5.2008).

<sup>(2)</sup> OJ L 289, 30.10.2008.

<sup>(3)</sup> COM(2008) 438 and COM(2008) 439.

<sup>(4)</sup> COM(2008) 445 and COM(2008) 446.

<sup>(5)</sup> COM(2008) 440 and COM(2008) 441.

<sup>(6)</sup> COM(2008) 562 and COM(2008) 565.

<sup>(7)</sup> COM(2008) 521 and COM(2008) 522.

<sup>(8)</sup> COM(2008) 857 and COM(2008) 858.

<sup>(9)</sup> COM(2008) 863.

<sup>(10)</sup> COM(2008) 604.

integration: helping to strengthen regional institutions; supporting more integrated regional markets; reinforcing the regional dimension of its support to business development; supporting the increase in infrastructure stock, with an emphasis on connecting national networks; and assisting efforts by the regions to address together key common sustainable development challenges. The renewal of this support is based on a more structured, closer strategic dialogue between the Union and the ACP regions, improved and more coherent European financial support, and a modernised trade system under the EPA framework.

## **Africa**

On 17 October the Commission presented a communication <sup>(1)</sup> on an EU policy initiative on trilateral cooperation between the European Union, Africa and China <sup>(2)</sup>, in which it proposed to identify, step by step, a number of specific areas suitable for trilateral cooperation and to link this cooperation where possible with existing commitments in multilateral forums. Initially this trilateral cooperation would focus on the following sectors: peace and security in Africa, support for African infrastructure, sustainable management of the environment and natural resources, and agriculture and food security. In its conclusions of 10 November, the Council suggested that particular attention should be given to cooperation in the area of peace and security, where the European Union and China can contribute together to the stability of the African countries and to strengthening African crisis management capabilities.

On 17 October the Commission also adopted a communication <sup>(3)</sup> assessing the first year of implementation of the new European Union–Africa strategic partnership (adopted in Lisbon in December 2007 and accompanied by an action plan for 2008–10 consisting of eight sectoral partnerships). The communication provides an overview of initial progress made on the overall political objectives of the joint strategy and the implementation of the eight partnerships. It also outlines the main challenges and key recommendations on how to move forward, better and faster.

At bilateral level, the European Union monitored developments throughout the year in the political and humanitarian situation in the Darfur region, Sudan, eastern Chad, the north-eastern Central African Republic, Somalia and Zimbabwe. It also kept a close watch on the human rights situation and the transition to democracy and the rule of law of countries such as Guinea, Kenya, Mauritania and Zimbabwe, and on stabilisation in Burundi, Côte d'Ivoire and the Democratic Republic of the Congo. The European Union sent an electoral observation mission for the elections in Ghana on 7 December <sup>(4)</sup>.

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<sup>(1)</sup> COM(2008) 654.

<sup>(2)</sup> See 'China' in Chapter V, Section 2, 'Relations with emerging countries', of this Report.

<sup>(3)</sup> COM(2008) 617.

<sup>(4)</sup> IP/08/1674.

## **Caribbean**

The summit meeting between the European Union and the Caribbean Forum countries took place in Lima (Peru) on 17 May, the day after the European Union, Latin America and Caribbean summit <sup>(1)</sup>. The main items discussed included relations between Cariforum and the European Union, regional integration and intra-Cariforum cooperation, implementation of the economic partnership agreement, energy costs and food prices, and sustainable management of natural resources.

The communiqué adopted at the summit contains a joint statement on the Cariforum–European Union partnership, which outlines inter alia the intervention areas of the 10th regional programme of the European Regional Development Fund, and a declaration on climate change and energy.

## **Pacific**

A forum attended by the Pacific Islands and the European Union was held in the Cayman Islands on 27 and 28 November.

A joint declaration on climate change, in which their common concerns for global warming and their common interest for an ambitious post-Kyoto international agreement were outlined, was endorsed by the Pacific Islands Forum and the EU at the European Developments Days held in Strasbourg from 15 to 17 November.

## **OCTs**

On 25 June the Commission presented a Green Paper on future relations between the European Union and the overseas countries and territories <sup>(2)</sup>. The Green Paper is intended to launch a discussion on the case for replacing the current agreement with an innovative partnership for the OCTs. This strategy should be tailored to the specific status, diversity, challenges and potential of the OCTs in a globalised world. Any future partnership should fully or partly replace the current agreement when the present overseas association decision expires on 31 December 2013.

## ***Cooperation with Asia***

Trade and economic relations with the Association of South-East Asian Nations were the subject of a European Parliament resolution adopted on 8 May which stressed that an agreement with ASEAN should ensure the improvement and simplification of rules of origin, the harmonisation of standards, regulatory transparency and simplified bureaucratic

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(1) See 'Cooperation with Latin America' in Chapter V, Section 3, 'Regional approaches', of this Report.

(2) COM(2008) 383 (OJ C 10, 15.1.2009).

procedures, and the elimination of taxes. This year ASEAN received support in the air transport sector, on intellectual property rights and in relation to free-trade negotiations, while substantial progress was achieved at bilateral level in the negotiation of partnership and cooperation agreements with various ASEAN countries on the basis of the negotiating directives adopted by the Council in 2004.

In the social sphere, some 150 workers' and employers' representatives from 43 European and Asian countries met for the inaugural Asia–Europe Social Partners Forum in Brussels on 30 June and 1 July with the aim of contributing to broader cooperation between the two regions on improving living and working conditions.

On the regional cooperation front, the 15th summit of the South Asian Association for Regional Cooperation (SAARC) was held in Sri Lanka from 1 to 3 August. Taking part as an observer, the European Union stressed its commitment to the region and its support for the regional integration process.

At the seventh Asia–Europe Meeting (ASEM) in Beijing on 24 and 25 October, ASEM formally admitted six new members so that it now embraces virtually the whole of Asia and Europe. The summit was dominated by discussions on how to respond to the global financial crisis, but also dealt with issues such as world governance, sustainable development, trade and economic matters, and intercultural dialogue. A declaration on sustainable development was adopted, focusing on the millennium development goals, energy security, climate change and social cohesion.

At bilateral level, the European Union closely monitored the situation in Myanmar. In the face of serious and persistent violations of human rights, the Council decided on 25 February <sup>(1)</sup> and 29 April <sup>(2)</sup> to renew and strengthen the restrictive measures against the country's military regime. Parliament and the Council deplored the fact that the constitutional referendum process was devoid of any democratic legitimacy and called on the Myanmar authorities to take transitional steps towards a democratically elected government. Following the humanitarian crisis caused by cyclone Nargis, they condemned the lack of cooperation forthcoming from the Myanmar authorities.

The European Union sent election observation missions for the parliamentary elections in Pakistan (on 18 February), Cambodia (on 27 July) and Bangladesh (on 18 December) in order to support the transition of these countries towards democracy.

Under the financing instrument for development cooperation for the period 2007–13 <sup>(3)</sup>, the Commission adopted 10 bilateral annual action plans and one annual action plan for the Asian region in 2008, amounting to a total of EUR 651 million. These action plans come under the first multiannual indicative programme for the period 2007–10.

<sup>(1)</sup> Regulation (EC) No 194/2008 (OJ L 66, 10.3.2008).

<sup>(2)</sup> Common Position 2008/349/CFSP (OJ L 116, 30.4.2008).

<sup>(3)</sup> Regulation (EC) No 1905/2006 (OJ L 378, 27.12.2006).

With a view to promoting sustainable development and eradicating poverty in Asia, new programmes were launched in the health sector (Afghanistan, Vietnam) and in the area of social assistance (Bangladesh, Laos and Vietnam). The Commission's contribution to reducing extreme poverty and hunger also included new food aid support measures and initiatives to mitigate the impact of food price rises in Afghanistan, while other food aid support operations were carried out in Cambodia, Laos, Myanmar and North Korea. The Commission also launched its first support project for North Korea, which should allow development projects to be implemented in future if progress is made in the Six-Party Talks.

There was also support to the education sector so as to improve school and vocational education (India and Pakistan) and strengthen higher education under the Erasmus Mundus programme (China, India and regional schemes). Other programmes aimed at improving governance (Bangladesh, Cambodia, China and Laos). In the trade sector, the Commission backed support measures for Bangladesh, Indonesia and Pakistan. It also continued to support refugees and displaced persons, notably through new operations in the Philippines and Sri Lanka.

To help address the challenges of climate change <sup>(1)</sup> and environmental degradation, China benefited from programmes designed to integrate the environment more effectively into its policies ('Centre for clean energies', 'Environmental governance' and 'Institute for clean and renewable energies (ICARE)' programmes). Two new regional programmes were launched: the FLEGT programme promoting the action plan to combat the illegal timber trade; and the Switch programme promoting the change to sustainable production and consumption in Asia.

This year the Commission continued the second phase of the preparatory measures to promote business and scientific exchanges (China, India) and adopted preparatory measures with the group of middle-income Asian countries (measures to promote mutual cooperation and understanding between the European Union and Asia, the EU–Malaysia services sector dialogue and EU outreach).

### ***Cooperation with central Asia***

In a resolution passed on 20 February the European Parliament welcomed the adoption in June 2007 of the European Union strategy for central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan). It called for the deeper integration of the region into the world trade and economic system and for democracy, good governance, the rule of law and human rights to be made an integral part of the central Asia strategy.

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(1) See 'Integrating climate change in development cooperation' in Chapter V, Section 3, 'Development policy', of this Report.



On 16 June the Council approved a joint Council and Commission progress report on implementation of the European Union's central Asia strategy. The European Council of 19 and 20 June subsequently welcomed the encouraging progress achieved in implementing the strategy and looked forward to further strengthening the Union's partnership with central Asia.

The first European Union–central Asia forum on security took place in Paris on 18 September. The forum focused on three main issues: terrorist threat and non-proliferation, the fight against human and drug trafficking, and energy and environmental security.

At bilateral level, a number of cooperation council meetings took place during the year with Kyrgyzstan (22 July) and Kazakhstan and Uzbekistan (16 September). Bilateral relations and the implementation of the strategy for central Asia were discussed at these meetings.

In the case of Uzbekistan, on 13 October the Council welcomed the progress achieved in the last year with regard to respect for the rule of law and the protection of human rights, while remaining concerned about the situation in some domains. It decided not to renew the travel restrictions applying to certain individuals, but to renew the arms embargo for a period of 12 months.

The Community provided support to the education sector (Kyrgyzstan and Turkmenistan) throughout the year under the EU strategy for central Asia. Other programmes involved support to the health sector (Tajikistan), strengthening governance (Kazakhstan, Tajikistan, Uzbekistan), reforms to the social protection system (Kyrgyzstan) and poverty reduction (Tajikistan).

A total of EUR 63.35 million was released in 2008 for programmes to support the central Asian region under the financing instrument for development cooperation for the period 2007–13 <sup>(1)</sup>.

### ***Cooperation with Latin America***

The fifth European Union–Latin America/Caribbean summit took place in Lima (Peru) on 16 May. The declaration adopted by the summit includes a 'Lima agenda for joint action' containing concrete commitments and actions on the two key themes of the summit: social cohesion (the fight against poverty, inequality and exclusion) and sustainable development (the environment, climate change and energy). It was decided in this connection to prepare the launch of a project called Euroclima to support environmental policy coordination in Latin America.

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<sup>(1)</sup> Regulation (EC) No 1905/2006 (OJ L 378, 27.12.2006).

The summit was preceded by the second EU–LAC business forum on 15 May, which brought together business leaders from the two regions, and was followed by sub-regional summits in troika format between the European Union and Chile, Mexico, the Andean Community, Central America, Cariforum and Mercosur.

On the bilateral front, there was major progress in relations with Mexico. On 15 July the Commission proposed <sup>(1)</sup> the establishment of a strategic partnership as a more appropriate framework for translating the existing political dialogue into an effective instrument for the coordination of positions on global issues, as well as on other issues of mutual concern. The Council endorsed the establishment of the strategic partnership at its meeting of 13 October.

On 23 June the Council decided to lift the measures against Cuba as a means of facilitating the relaunch of comprehensive political dialogue. It expressed its support for the liberalising changes in Cuba and encouraged the government to introduce them. The Council also called on the Cuban government to improve the human rights situation by inter alia releasing all political prisoners, including those detained and sentenced in 2003. Cooperation between the Commission and Cuba was relaunched on 24 October following the signing of a joint declaration setting out a framework for future cooperation in areas of common interest <sup>(2)</sup>.

The Commission committed EUR 348 million in the course of the year for programmes for the Latin America region under the financing instrument for development cooperation for the period 2007–13 <sup>(3)</sup>. This total was spread over 14 annual action programmes comprising 24 individual actions for the whole of Latin America: three at regional level, three at subregional level and 18 at bilateral level. The main sectors of intervention were education and culture with seven actions, trade and regional integration with seven actions, social cohesion and economic development with four actions, governance and human rights with four actions and protection of the environment with two actions, one of which concerned climate change, the other support for better river basin management.

### ***Cooperation with the Gulf states, Iran, Yemen***

The joint cooperation council and a ministerial meeting between the European Union and the Gulf Cooperation Council (GCC) took place in Brussels on 26 May. Discussions centred on the implementation of the cooperation agreement, in particular the recent initiatives taken by the Commission on public diplomacy and energy, the free-trade agreement negotiations, regional issues and policy issues of common concern. Talks

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<sup>(1)</sup> COM(2008) 447.

<sup>(2)</sup> IP/08/1578.

<sup>(3)</sup> Regulation (EC) No 1905/2006 (OJ L 378, 27.12.2006).

continued during a meeting at the United Nations General Assembly on 23 September in New York.

On the bilateral front, developments concerning Iran's nuclear programme were the subject of close attention and subsequent action on the part of the European Union. The Union agreed a series of additional restrictive measures against the country by decisions adopted in June, August and November (1). These sanctions extend the measures freezing the assets of persons and entities participating in or directly associated with Iran's proliferation-sensitive nuclear activities, and concern the granting of export credits and guarantees, vigilance by European financial institutions in their relations with Iranian banks, and the inspection of cargoes to and from certain Iranian enterprises.

The European Parliament also commented on the proliferation risks of Iran's nuclear programme and the human rights situation in Iran, while the European Union conducted public diplomacy initiatives designed to show Europe's readiness to engage with Iran as soon as it demonstrated practical cooperation on nuclear issues.

The Commission and the Yemeni government met for the 15th joint cooperation committee in Sana'a on 10 June, during which they reviewed the political and security situation in Yemen and discussed the economic and trade challenges facing the country. The implementation of Community development cooperation, worth a total of EUR 51 million in 2007–08, was reviewed and concrete steps taken to improve the effectiveness of this aid.

The fifth political dialogue meeting with Yemen was held on 27 October in Sana'a, covering reforms undertaken by the Yemeni government, human rights, security and the regional geopolitical situation.

### **General references and other useful links**

- Directorate-General for External Relations:  
[http://ec.europa.eu/external\\_relations/index\\_en.htm](http://ec.europa.eu/external_relations/index_en.htm)
- Directorate-General for Humanitarian Aid:  
[http://ec.europa.eu/echo/index\\_en.htm](http://ec.europa.eu/echo/index_en.htm)
- EuropeAid Cooperation Office:  
[http://ec.europa.eu/europeaid/index\\_en.htm](http://ec.europa.eu/europeaid/index_en.htm)
- Human rights:  
[http://ec.europa.eu/external\\_relations/human\\_rights/intro/index.htm](http://ec.europa.eu/external_relations/human_rights/intro/index.htm)  
<http://www.consilium.europa.eu/showPage.asp?lang=en&id=822&mode=g&name=>  
[http://www.europarl.europa.eu/committees/droi\\_home\\_en.htm](http://www.europarl.europa.eu/committees/droi_home_en.htm)
- Development cooperation and Directorate-General for Development:  
[http://ec.europa.eu/development/index\\_en.cfm](http://ec.europa.eu/development/index_en.cfm)

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(1) Common Positions 2008/479/CFSP (OJ L 163, 24.6.2008) and 2008/652/CFSP (OJ L 213, 8.8.2008), and Decision 2008/842/CFSP (OJ L 300, 11.11.2008).

- Millennium development goals (MDGs):  
<http://www.un.org/millenniumgoals/>
- Cotonou Partnership Agreement:  
[http://ec.europa.eu/development/geographical/cotonouintro\\_en.cfm](http://ec.europa.eu/development/geographical/cotonouintro_en.cfm)

## Section 4

# Contributing to security in the world

### **Background**

*To improve living conditions in partner countries and establish the prerequisites for sustainable development, the European Union continues to pursue its objective of effective multilateralism and supports peace and reconstruction processes by mobilising the range of instruments and means of action developed in recent years.*

*Through its common foreign and security policy, it conducts conflict prevention, police and military operations abroad and also takes action to combat international terrorism, the proliferation of weapons of mass destruction and anti-personnel mines.*

## **Common foreign and security policy**

### **General**

The Instrument for Stability <sup>(1)</sup>, the European Union's mechanism for preventing crises and conflicts, managing crises and emerging conflicts, and restoring peace, became fully operational during the year. This considerably strengthened the Commission's ability to tackle crisis situations, as crisis response is the main component of the new instrument.

In 2008 a total of EUR 135.6 million was allocated to crisis response and preparedness programmes under the Instrument for Stability. Thematically, the measures supported covered a broad range of issues: confidence-building and mediation (the Philippines and Sri Lanka), support to regional peace-building capacity (Central African Republic

<sup>(1)</sup> Regulation (EC) No 1717/2006 (OJ L 327, 24.11.2006).

and Democratic Republic of the Congo), post-conflict support to local administrations (Aceh in Indonesia), support to interim administrations (Kosovo and Somalia), support for elections (Georgia, Lebanon and Zambia), rule of law and the transitional justice system (Afghanistan, Kosovo and Kyrgyzstan), support to displaced persons (Syria) and measures to tackle the use of natural resources to fund conflict (satellite imagery for the Kimberley process, atlas of natural resources conflicts).

Some EUR 12 million (to allow grants to be signed for the period June 2008 to December 2009) was allocated under the Instrument for Stability to provide targeted assistance to ad hoc tribunals and transitional justice initiatives around the world. This assistance was used in 2008 to support the special court for Sierra Leone and to set up a truth and reconciliation commission in the Solomon Islands.

The Commission presented the 2007 annual report on the Instrument for Stability <sup>(1)</sup> on 11 April.

On 16 June the Council adopted the report on the European Union's activities under the EU conflict prevention programme.

On 26 May it also adopted the 2007 annual report on the main aspects and basic choices of the CFSP.

In a statement on 16 July to mark the 10th anniversary of the Rome Statute of the International Criminal Court, the European Union stressed that the statute played a vital part in maintaining peace and strengthening international security. The Union and its Member States stated their commitment to promoting the universality of the Rome Statute and protecting its integrity, calling on all non-party states to ratify it as soon as possible.

### ***Implementation of the common foreign and security policy***

The joint actions and common positions adopted by the Council in implementing the common foreign and security policy (CFSP) during the year concerned:

- in the Balkans:
  - extension of the mandate of the European Union special representative in Bosnia and Herzegovina <sup>(2)</sup>;
  - extension and amendment of Common Position 2004/133/CFSP on restrictive measures against extremists in the former Yugoslav Republic of Macedonia <sup>(3)</sup>;

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<sup>(1)</sup> COM(2008) 181 (OJ C 202, 8.8.2008).

<sup>(2)</sup> Joint Action 2008/130/CFSP (OJ L 43, 19.2.2008).

<sup>(3)</sup> Common Position 2008/104/CFSP (OJ L 36, 9.2.2008).

- extension of the mandate of the European Union special representative in the former Yugoslav Republic of Macedonia <sup>(1)</sup>;
- appointment of the European Union special representative for Kosovo <sup>(2)</sup>;
- the European Union rule of law mission in Kosovo, EULEX Kosovo <sup>(3)</sup>;
- appointment of the head of the European Union rule of law mission in Kosovo, EULEX Kosovo <sup>(4)</sup>;
- amendment and extension of Joint Action 2006/304/CFSP on the establishment of a European Union planning team (EUPT Kosovo) regarding a possible European Union crisis management operation in the field of rule of law and possibly other areas in Kosovo <sup>(5)</sup>;
- renewal of measures in support of effective implementation of the mandate of the International Criminal Tribunal for the former Yugoslavia <sup>(6)</sup>;
- implementation of Common Position 2004/293/CFSP renewing measures in support of the effective implementation of the mandate of the International Criminal Tribunal for the former Yugoslavia <sup>(7)</sup>;
- implementation of Common Position 2004/694/CFSP renewing measures in support of the effective implementation of the mandate of the International Criminal Tribunal for the former Yugoslavia <sup>(8)</sup> and the extension thereof <sup>(9)</sup>;
- in South Caucasus:
  - amendment and extension of the mandate of the European Union special representative for South Caucasus <sup>(10)</sup>;
  - a further contribution of the European Union to the conflict settlement process in Georgia/South Ossetia <sup>(11)</sup>;
  - establishment of the European Union monitoring mission in Georgia, EUMM Georgia <sup>(12)</sup>;
  - amendment of Joint Action 2008/736/CFSP on the European Union monitoring mission in Georgia, EUMM Georgia <sup>(13)</sup>;

<sup>(1)</sup> Joint Action 2008/129/CFSP (OJ L 43, 19.2.2008).

<sup>(2)</sup> Joint Action 2008/123/CFSP (OJ L 42, 16.2.2008).

<sup>(3)</sup> Joint Action 2008/124/CFSP (OJ L 42, 16.2.2008).

<sup>(4)</sup> Decision EULEX/1/2008 (OJ L 42, 16.2.2008).

<sup>(5)</sup> Joint Action 2008/228/CFSP (OJ L 75, 18.3.2008).

<sup>(6)</sup> Common Position 2008/223/CFSP (OJ L 70, 14.3.2008).

<sup>(7)</sup> Decision 2008/732/CFSP (OJ L 247, 16.9.2008).

<sup>(8)</sup> Decision 2008/733/CFSP (OJ L 247, 16.9.2008).

<sup>(9)</sup> Common Position 2008/761/CFSP (OJ L 260, 30.9.2008).

<sup>(10)</sup> Joint Action 2008/132/CFSP (OJ L 43, 19.2.2008).

<sup>(11)</sup> Joint Action 2008/450/CFSP (OJ L 157, 17.6.2008).

<sup>(12)</sup> Joint Action 2008/736/CFSP (OJ L 248, 17.9.2008).

<sup>(13)</sup> Joint Action 2008/759/CFSP (OJ L 259, 27.9.2008).

- appointment of the European Union special representative for the crisis in Georgia <sup>(1)</sup>;
- independent international fact-finding mission on the conflict in Georgia <sup>(2)</sup>;
- in Asia:
  - amendment of Joint Action 2007/369/CFSP on the establishment of the European Union police mission in Afghanistan (EUPOL Afghanistan) <sup>(3)</sup>;
  - appointment of the European Union special representative for Afghanistan <sup>(4)</sup>;
  - extension of the mandate of the European Union special representative for Afghanistan <sup>(5)</sup> and the amendment thereof <sup>(6)</sup>;
  - extension of the mandate of the European Union special representative for central Asia <sup>(7)</sup>;
  - restrictive measures against Uzbekistan <sup>(8)</sup>;
- in Africa:
  - conclusion of the agreement between the European Union and the Republic of Cameroon on the status of the European Union-led forces in transit within the territory of the Republic of Cameroon <sup>(9)</sup>;
  - the launching of the European Union military operation in the Republic of Chad and in the Central African Republic (EUFOR Tchad/RCA) <sup>(10)</sup>;
  - amendment and extension of the mandate of the European Union special representative for the African Great Lakes region <sup>(11)</sup>;
  - amendment and extension of the mandate of the European Union special representative for Sudan <sup>(12)</sup>;
  - acceptance of third states' contributions to the European Union military operation in the Republic of Chad and in the Central African Republic <sup>(13)</sup>;
  - appointment of the head of mission for the European Union mission to provide advice and assistance for security sector reform in the Democratic Republic of the Congo (EUSEC RD Congo) <sup>(14)</sup>;

<sup>(1)</sup> Joint Action 2008/760/CFSP (OJ L 259, 27.9.2008).

<sup>(2)</sup> Decision 2008/901/CFSP (OJ L 323, 3.12.2008).

<sup>(3)</sup> Joint Actions 2008/229/CFSP (OJ L 75, 18.3.2008) and 2008/643/CFSP (OJ L 207, 5.8.2008).

<sup>(4)</sup> Joint Action 2008/612/CFSP (OJ L 197, 25.7.2008).

<sup>(5)</sup> Joint Action 2008/131/CFSP (OJ L 43, 19.2.2008).

<sup>(6)</sup> Joint Action 2008/481/CFSP (OJ L 163, 24.6.2008).

<sup>(7)</sup> Joint Actions 2008/107/CFSP (OJ L 38, 13.2.2008) and 2008/900/CFSP (OJ L 323, 3.12.2008).

<sup>(8)</sup> Common Positions 2008/348/CFSP (OJ L 116, 30.4.2008) and 2008/843/CFSP (OJ L 300, 11.11.2008).

<sup>(9)</sup> Decision 2008/178/CFSP (OJ L 57, 1.3.2008).

<sup>(10)</sup> Decision 2008/101/CFSP (OJ L 34, 8.2.2008).

<sup>(11)</sup> Joint Action 2008/108/CFSP (OJ L 38, 13.2.2008).

<sup>(12)</sup> Joint Action 2008/110/CFSP (OJ L 38, 13.2.2008).

<sup>(13)</sup> Decision CHAD/1/2008 (OJ L 56, 29.2.2008).

<sup>(14)</sup> Decision EUSEC/1/2008 (OJ L 56, 29.2.2008).

- the European Union mission in support of security sector reform in the Republic of Guinea-Bissau (EU SSR Guinea-Bissau) <sup>(1)</sup>;
- restrictive measures imposed against Liberia <sup>(2)</sup>;
- amendment of Common Position 98/409/CFSP concerning Sierra Leone <sup>(3)</sup>;
- adoption of restrictive measures against the Democratic Republic of the Congo and repealing Common Position 2005/440/CFSP <sup>(4)</sup>;
- amendment and extension of Joint Action 2007/405/CFSP on the European Union police mission undertaken in the framework of reform of the security sector and its interface with the system of justice in the Democratic Republic of the Congo (EUPOL RD Congo) <sup>(5)</sup>;
- amendment and extension of Joint Action 2007/406/CFSP on the European Union mission to provide advice and assistance for security sector reform in the Democratic Republic of the Congo (EUSEC RD Congo) <sup>(6)</sup>;
- implementation of Common Position 2004/161/CFSP renewing restrictive measures against Zimbabwe <sup>(7)</sup>;
- amendment of Common Position 2004/161/CFSP renewing restrictive measures against Zimbabwe <sup>(8)</sup>, and its implementation <sup>(9)</sup>;
- European Union military coordination action in support of UN Security Council Resolution 1816 (2008) (EU NAVCO) <sup>(10)</sup>;
- renewal of the restrictive measures imposed against Côte d'Ivoire <sup>(11)</sup>;
- launch of a European Union military operation to contribute to the deterrence, prevention and repression of acts of piracy and armed robbery off the Somali coast (Atalanta) <sup>(12)</sup>;
- in the Indian Ocean:
  - restrictive measures against the illegal government of Anjouan in the Union of Comoros <sup>(13)</sup>;
  - repeal of Common Position 2008/187/CFSP concerning restrictive measures against the illegal government of Anjouan in the Union of Comoros <sup>(14)</sup>;

<sup>(1)</sup> Joint Action 2008/112/CFSP (OJ L 40, 14.2.2008).

<sup>(2)</sup> Common Position 2008/109/CFSP (OJ L 38, 13.2.2008).

<sup>(3)</sup> Common Position 2008/81/CFSP (OJ L 24, 29.1.2008).

<sup>(4)</sup> Common Position 2008/369/CFSP (OJ L 127, 15.5.2008).

<sup>(5)</sup> Joint Action 2008/485/CFSP (OJ L 164, 25.6.2008).

<sup>(6)</sup> Joint Action 2008/491/CFSP (OJ L 168, 28.6.2008).

<sup>(7)</sup> Decision 2008/605/CFSP (OJ L 194, 23.7.2008).

<sup>(8)</sup> Common Position 2008/632/CFSP (OJ L 205, 1.8.2008).

<sup>(9)</sup> Decision 2008/922/CFSP (OJ L 331, 10.12.2008).

<sup>(10)</sup> Joint Action 2008/749/CFSP (OJ L 252, 20.9.2008).

<sup>(11)</sup> Common Position 2008/873/CFSP (OJ L 308, 19.11.2008).

<sup>(12)</sup> Decision 2008/918/CFSP (OJ L 330, 9.12.2008).

<sup>(13)</sup> Common Position 2008/187/CFSP (OJ L 59, 4.3.2008).

<sup>(14)</sup> Common Position 2008/611/CFSP (OJ L 197, 25.7.2008).



- in the Middle East:
  - amendment and extension of the mandate of the European Union special representative for the Middle East peace process <sup>(1)</sup>;
  - amendment of Common Position 2003/495/CFSP on Iraq <sup>(2)</sup>;
  - amendment of Joint Action 2005/889/CFSP establishing a European Union border assistance mission for the Rafah crossing point (EU BAM Rafah) <sup>(3)</sup>;
  - implementation of Joint Action 2005/797/CFSP on the European Union police mission for the Palestinian territories <sup>(4)</sup>;
  - amendment and extension of Joint Action 2005/190/CFSP on the European Union integrated rule of law mission for Iraq, EUJUST LEX <sup>(5)</sup>;
  - amendment of Decision 2008/134/CFSP on the European Union police mission for the Palestinian territories <sup>(6)</sup>;
  - the temporary reception by Member States of the European Union of certain Palestinians <sup>(7)</sup>;
  - restrictive measures against Iran <sup>(8)</sup>;
  - amendment of Joint Action 2005/797/CFSP on the European Union police mission for the Palestinian territories <sup>(9)</sup>;
- in eastern Europe:
  - extension of the mandate of the European Union special representative for Moldova <sup>(10)</sup>;
  - extension for one year of the restrictive measures against certain officials of Belarus <sup>(11)</sup>;
- other subjects <sup>(12)</sup> and regions:
  - amendment of Decision 2001/80/CFSP on the establishment of the military staff of the European Union <sup>(13)</sup>;

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<sup>(1)</sup> Joint Action 2008/133/CFSP (OJ L 43, 19.2.2008).

<sup>(2)</sup> Common Position 2008/186/CFSP (OJ L 59, 4.3.2008).

<sup>(3)</sup> Joint Actions 2008/379/CFSP (OJ L 130, 20.5.2008) and 2008/862/CFSP (OJ L 306, 15.11.2008).

<sup>(4)</sup> Decision 2008/134/CFSP (OJ L 43, 19.2.2008).

<sup>(5)</sup> Joint Actions 2008/304/CFSP (OJ L 105, 15.4.2008) and 2008/480/CFSP (OJ L 163, 24.6.2008).

<sup>(6)</sup> Decision 2008/482/CFSP (OJ L 163, 24.6.2008).

<sup>(7)</sup> Common Position 2008/822/CFSP (OJ L 285, 29.10.2008).

<sup>(8)</sup> Common Positions 2008/479/CFSP (OJ L 163, 24.6.2008) and 2008/652/CFSP (OJ L 213, 8.8.2008), Decision 2008/842/CFSP (OJ L 300, 11.11.2008).

<sup>(9)</sup> Joint Action 2008/958/CFSP (OJ L 338, 17.12.2008).

<sup>(10)</sup> Joint Action 2008/106/CFSP (OJ L 38, 13.2.2008).

<sup>(11)</sup> Common Positions 2008/288/CFSP (OJ L 95, 8.4.2008) and 2008/844/CFSP (OJ L 300, 11.11.2008).

<sup>(12)</sup> Joint actions relating to non-proliferation can be found under 'Non-proliferation' in Chapter V, Section 4, 'European security strategy and European security and defence policy', of this Report.

<sup>(13)</sup> Decision 2008/298/CFSP (OJ L 102, 12.4.2008).

- amendment of Joint Action 2004/551/CFSP on the establishment of the European Defence Agency <sup>(1)</sup>;
- establishment of a European Security and Defence College (ESDC) and repealing Joint Action 2005/575/CFSP <sup>(2)</sup>;
- establishment of a mechanism to administer the financing of the common costs of European Union operations having military or defence implications (Athena) <sup>(3)</sup>;
- definition of common rules governing control of exports of military technology and equipment <sup>(4)</sup>.

## **European security strategy and European security and defence policy**

### **General**

In response to a request made by the European Council in December 2007, a report on the implementation of the 2003 European security strategy was presented at the December European Council by the Secretary-General/High Representative for the CFSP, in consultation with the Commission. The report outlines ways of improving and supplementing the European security strategy, and 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 European Union, directly or indirectly, which it has to tackle globally.

The European Council of 11 and 12 December adopted a declaration on the enhancement of the European security and defence policy (ESDP), stating its determination to give it a fresh impetus. It agreed with the analysis of the report on the implementation of the 2003 European security strategy and endorsed the declarations adopted by the Council on 8 December (on strengthening ESDP capabilities and on international security).

On 16 June the Council approved a Presidency report on European security and defence policy which covered all ESDP issues discussed in the first half of this year. The Presidency report on the second half of the year was adopted on 8 December.

On 10 November the Council adopted conclusions on the ESDP in which it conducted a broad review of recent developments and projects in the area of European security and defence policy. It discussed ESDP operations, the western Balkans, Afghanistan, civilian

<sup>(1)</sup> Joint Action 2008/299/CFSP (OJ L 102, 12.4.2008).

<sup>(2)</sup> Joint Action 2008/550/CFSP (OJ L 176, 4.7.2008).

<sup>(3)</sup> Decision 2008/975/CFSP (OJ L 345, 23.12.2008).

<sup>(4)</sup> Common Position 2008/944/CFSP (OJ L 335, 13.12.2008).

crisis management capabilities, military capabilities and the European Defence Agency, as well as a number of Presidency initiatives.

A European Union training programme in the field of European security and defence policy for the years 2008–10 was approved by the Council on 28 January. This programme is structured according to the main training actors (the European Security and Defence College and the European Police College) and to the different ESDP areas of interest (specific civilian and civil–military training activities and training activities in the military field).

On 23 June the Council also adopted a joint action establishing a European Security and Defence College <sup>(1)</sup>. The ESDC's mission and objectives are to provide training in the ESDP field at the strategic level. On 10 November the Council approved guidelines for identifying and implementing lessons learned and good practice in civilian missions under the ESDP. It also approved the launch of the European young officers' exchange scheme, modelled on Erasmus.

### ***Non-proliferation***

On 12 February, in the framework of the European Union strategy to combat the illicit accumulation and trafficking of small arms and light weapons (SALW) and their ammunition, the Council adopted a joint action in support of the international instrument to enable states to identify and trace SALW in a timely and reliable manner <sup>(2)</sup>.

On 17 March the Council adopted a joint action on support for European Union activities to promote the control of arms exports and the principles of the EU code of conduct on arms exports <sup>(3)</sup>.

The European Union code of conduct on arms exports was the subject of a resolution adopted by the European Parliament on 13 March. Calling on Member States that were opposed to a legally binding code to reconsider their position, Parliament expressed its belief that the European Union's contribution to an internationally binding arms trade treaty would gain in credibility as soon as its own arms control regime became legally binding.

On 8 December the Council laid down common rules, by means of a common position <sup>(4)</sup>, to govern export controls on military technology and equipment, replacing the previous code of conduct.

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<sup>(1)</sup> Joint Action 2008/550/CFSP (OJ L 176, 4.7.2008).

<sup>(2)</sup> Joint Action 2008/113/CFSP (OJ L 40, 14.2.2008).

<sup>(3)</sup> Joint Action 2008/230/CFSP (OJ L 75, 18.3.2008).

<sup>(4)</sup> Joint Action 2008/944/CFSP (OJ L 335, 13.12.2008).

As part of the further implementation of the European Union strategy against proliferation of weapons of mass destruction, the Council adopted joint actions on support for the activities of the International Atomic Energy Agency (14 April) <sup>(1)</sup>, the World Health Organisation (14 April) <sup>(2)</sup> and the preparatory commission of the Comprehensive Nuclear Test Ban Treaty Organisation (15 July) <sup>(3)</sup>. On 14 May it adopted a further joint action <sup>(4)</sup> in support of the implementation of United Nations Security Council Resolution 1540 (2004). On 10 November the Council adopted a joint action <sup>(5)</sup> in support of the Biological and Toxin Weapons Convention. On 8 December it endorsed the document 'New lines for action by the European Union in combating the proliferation of weapons of mass destruction and their delivery systems' and, at its meeting of 18 and 19 December, it adopted a decision in support of the Hague Code of Conduct Against Ballistic Missile Proliferation.

As part of its campaign against mines, on 24 November the Commission adopted the guidelines on European Community mine action 2008–13 <sup>(6)</sup>.

The Council also adopted a joint action <sup>(7)</sup> on 23 June in support of the universalisation and implementation of the 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, in the framework of the European security strategy.

The International Convention on Cluster Munitions (adopted in Dublin in May) was opened for signature on 4 December.

### **Terrorism**

On 30 May the Council adopted a European Union statement in support of the global initiative to combat nuclear terrorism. It also adopted conclusions on improving co-operation in the area of countering radicalisation and recruitment to terrorism (8 July) and a document on the revised strategy on terrorist financing (17 July).

On 16 December the Council updated the common positions on the application of specific measures to combat terrorism <sup>(8)</sup>.

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<sup>(1)</sup> Joint Action 2008/314/CFSP (OJ L 107, 17.4.2008).

<sup>(2)</sup> Joint Action 2008/307/CFSP (OJ L 106, 16.4.2008).

<sup>(3)</sup> Joint Action 2008/588/CFSP (OJ L 189, 17.7.2008).

<sup>(4)</sup> Joint Action 2008/368/CFSP (OJ L 127, 15.5.2008).

<sup>(5)</sup> Joint Action 2008/858/CFSP (OJ L 302, 13.11.2008).

<sup>(6)</sup> SEC(2008) 2913.

<sup>(7)</sup> Joint Action 2008/487/CFSP (OJ L 165, 26.6.2008).

<sup>(8)</sup> Common Position 2008/959/CFSP (OJ L 338, 17.12.2008).

### ***Contribution to stability in the Balkans and in South Caucasus***

With a view to contributing to stability in the Balkans, on 4 February the Council decided <sup>(1)</sup> to deploy a rule of law mission to Kosovo (EULEX Kosovo) <sup>(2)</sup> and to appoint a European Union special representative for Kosovo <sup>(3)</sup>. The mandate of the mission is to assist the Kosovo authorities in all areas relating to the rule of law, but in particular in connection with the police, justice, customs and prison services.

In South Caucasus, the Council decided on 15 September to deploy a civilian monitoring mission to Georgia (EUMM Georgia) <sup>(4)</sup> and to appoint a European Union special representative for the crisis in Georgia <sup>(5)</sup>. The objective of the mission is to contribute to stability throughout Georgia and the surrounding region in compliance with the six-point agreement of 12 August and the subsequently adopted implementing measures.

### ***Contribution to peace and security in Africa***

#### **Sudan/Darfur**

In its conclusions of 16 June the Council expressed its deep concern over the deterioration of the security situation in Sudan, which is seriously jeopardising the implementation of the comprehensive peace agreement and a peaceful settlement of the conflict in Darfur. It emphasised the need to accelerate deployment of the joint United Nations/African Union peacekeeping mission in Darfur (African Union/United Nations Hybrid Operation in Darfur — Unamid). The Council also recalled that EUFOR Tchad/RCA (see below) is a key contributor, together with the UN mission in the Central African Republic and Chad, to bringing security to the region and, by consequence, contributes to the efforts to consolidate peace and reconciliation in the region, including an improvement of the humanitarian situation.

#### **Chad, Central African Republic**

The European Union military operation in Chad and the Central African Republic (EUFOR Tchad/RCA) was launched on 28 January. As a military bridging operation coordinated with the United Nations Minurcat mission, EUFOR Tchad/RCA reinforces the European Union response to the Darfur crisis as part of a regional approach. The operation is

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<sup>(1)</sup> Joint Action 2008/124/CFSP (OJ L 42, 16.2.2008).

<sup>(2)</sup> See 'Kosovo' in Chapter V, Section 1, 'Enlargement process, pre-accession strategy and stabilisation and association process', of this Report.

<sup>(3)</sup> Joint Actions 2008/123/CFSP and 2008/124/CFSP (OJ L 42, 16.2.2008).

<sup>(4)</sup> See 'Caucasus' in Chapter V, Section 1, 'European neighbourhood policy', of this Report.

<sup>(5)</sup> Joint Actions 2008/736/CFSP (OJ L 248, 17.9.2008), 2008/759/CFSP and 2008/760/CFSP (OJ L 259, 27.9.2008).

conducted in consultation with the governments of Chad and the Central African Republic.

### **Democratic Republic of the Congo**

The EUPOL RD Congo mission, which took over from EUPOL Kinshasa in June 2007, continued throughout the year to support and assist the Congolese authorities in their security sector reform efforts in respect of the police and its interaction with the justice sector. The mission also provides a permanent presence in the eastern part of the Democratic Republic of the Congo with a view to providing assistance and expert advice for the stabilisation process in that part of the country.

### **Guinea-Bissau**

Following the Council decision of 12 February <sup>(1)</sup>, the European Union launched a mission under the European security and defence policy to provide advice and assistance on the national security sector reform process (EU SSR Guinea-Bissau). Its objective is to put the national SSR strategy into operation by assisting in the development of detailed implementation plans for restructuring the armed forces and security forces.

### **Somalia**

On 19 September the Council decided to conduct a European Union military coordination action (EU NAVCO) <sup>(2)</sup> with the task of supporting the surveillance and protection activities carried out by some Member States off the Somali coast. This action, which is also intended to support the escorts of the World Food Programme's humanitarian convoys, is in keeping with Resolution 1816 (2008) adopted by the United Nations Security Council on 2 June.

On 8 December the Council adopted a decision on the launch of a European Union military operation to contribute to the deterrence, prevention and repression of acts of piracy and armed robbery off the Somali coast <sup>(3)</sup> (EU Navfor Somalia/operation Atalanta).

## **Middle East peace process**

Progress on the Middle East peace process brought the prospect of a lasting solution to the Israeli–Palestinian conflict. Following the opening of negotiations in Annapolis in November 2007, bilateral talks continued between Israeli and Palestinian leaders with

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<sup>(1)</sup> Joint Action 2008/112/CFSP (OJ L 40, 14.2.2008).

<sup>(2)</sup> Joint Action 2008/749/CFSP (OJ L 252, 20.9.2008).

<sup>(3)</sup> Decision 2008/918/CFSP (OJ L 330, 9.12.2008).

a view to concluding a peace agreement before the end of 2008. Despite the failure to reach agreement, the talks touched on all the key issues and showed the potential for further intensive negotiations. At the meeting of 9 November, the Quartet and the warring parties adopted a joint declaration underlining their commitment to continuing the process to find a comprehensive solution.

The European Union expressed its full support for the Annapolis process and its readiness to assist the parties in the negotiations.

The establishment of diplomatic relations between Lebanon and Syria marked another important step in the stabilisation of the region (see below).

### ***Occupied Palestinian territories***

While the situation in the region saw some positive developments in 2008, there were also issues for concern and persistent tension.

At the start of the year, the humanitarian and political crisis in the Gaza Strip, caused by the embargo on the movement of persons and goods, further paralysed the economy. The European Parliament and the Council expressed their concern at this situation, condemning the continued firing of rockets into Israeli territory (resolution of 21 February, conclusions of 28 January). The Council also condemned the accelerated expansion of settlements on several occasions (e.g. the conclusions of 26 and 27 May, and of 8 and 9 December). Following an upsurge in the violence committed against Palestinian civilians by Israeli settlers in the West Bank, the European Union once again condemned these acts of brutality in a statement by the Presidency of the Council of the Union adopted on 31 October.

In addition to its political engagement, the European Union continued to provide emergency and humanitarian assistance to the occupied Palestinian territories in response to this situation. Following the December 2007 international donors' conference for the Palestinian state, the Commission transferred a volume of aid in excess of EUR 540 million for 2008. These funds were channelled via the new financing instrument Pegase 2008–10 (Palestinian–European Mechanism for Management of Socioeconomic Aid), which replaced the temporary international mechanism. They were allocated to the Palestinian Authority and to the United Nations Relief and Works Agency for Palestine Refugees in order to support the creation of a Palestinian state and to improve living conditions for Palestinian refugees in the Middle East. Under the Palestinian Authority's reform and development plan (presented in December 2007), these funds will be used to provide aid in the following four areas: governance, social development, economic and private sector development, and public infrastructure. As specified in the EU action strategy (presented in November 2007), the Union has thus addressed its assistance to state building.

On 24 June an international conference on supporting Palestinian civil security and the rule of law took place in Berlin, at which the Commission confirmed the importance that it attached to continuing its support to the Palestinian Authority and the people of Palestine.

In order to deepen relations between the European Union and the Palestinian Authority, on 20 October the Council adopted a decision approving the establishment of the following four subcommittees <sup>(1)</sup>: economic and financial matters, trade and customs co-operation; social affairs; energy, environment, transport, science and technology; and human rights, good governance and the rule of law. The aim of these subcommittees is to take forward the implementation of the interim association agreement <sup>(2)</sup> and action plan established under the neighbourhood policy <sup>(3)</sup>.

### ***Israel***

At the association council meeting in Luxembourg on 16 June, the European Union welcomed the developing partnership with Israel in a number of areas, in particular on the question of human rights <sup>(4)</sup>. However, it also stressed its position and expectations regarding the peace process and the situation in the Palestinian territories.

### ***Lebanon***

The security situation in Lebanon was marked by violent incidents that were roundly condemned by the Council on several occasions (conclusions of 28 January), by the Presidency of the Council of the European Union (statements of 13 August and 11 September) and by the European Parliament (22 May).

However, the political situation in Lebanon was improved by the agreement reached in Doha on 21 May that opened the path towards resumption of the functioning of all democratic institutions of the State of Lebanon and allowed the election of General Suleiman as President of Lebanon. The agreement was welcomed by Parliament (in a resolution adopted on 22 May) and by the Council (conclusions of 26 and 27 May, and of 10 November).

The establishment of diplomatic relations between Lebanon and Syria on 15 October marked a further important step in the stabilisation of the region.

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<sup>(1)</sup> COM(2008) 524.

<sup>(2)</sup> OJ L 187, 16.7.1997.

<sup>(3)</sup> See 'European Neighbourhood and Partnership Instrument' in Chapter V, Section 1, 'European neighbourhood policy', of this Report.

<sup>(4)</sup> See 'Southern Mediterranean' in Chapter V, Section 1, 'European neighbourhood policy', of this Report.



Implementation of the EUR 500 million financial assistance programme covering the period 2006–10 (announced at the international conference on support for Lebanon in January 2007) continued in 2008. The Commission supported the economic, social and institutional reform process in Lebanon through the European neighbourhood policy instruments <sup>(1)</sup>. A total of EUR 50 million was allocated to Lebanon in 2008 for projects relating to the judiciary, the private sector, improvement of the business climate, mine clearance and the reconstruction of the Nahr al-Bared Palestinian refugee camp.

The Commission also contributed substantially to the political stabilisation of the country under the Instrument for Stability (e.g. the border management reform project and support to the Special Tribunal for Lebanon). Support for electoral reform was a key priority in 2008 with a view to the parliamentary elections scheduled for 2009.

As the leading donor to Palestinian refugees in Lebanon, the Commission co-chaired the international conference on rebuilding the Nahr al-Bared refugee camp in Vienna on 23 June.

## **Syria**

Syria made a number of overtures at regional level during the year, in particular concerning two of its neighbours: Lebanon (normalisation of bilateral relations) and Israel (resumption of the indirect peace talks). The Marseille ministerial declaration of 3 November welcomed both major developments.

Against this background and in the light of the consensus among Member States to encourage Syria to continue on this track, the Commission started work with the Syrian authorities on updating the draft association agreement, the adoption procedure for which had been suspended by the Council in 2004. The Commission and the Syrian authorities agreed on a revised version of the association agreement on 24 and 25 November. Following its adoption by the Commission on 12 December <sup>(2)</sup>, the proposal was submitted for examination by the Council.

The Commission also supported a number of projects under the national indicative programme in keeping with the social and economic reforms introduced by Syria. Since 2007, aid totalling EUR 75 million has been granted to Syria to assist the large numbers of Iraqi refugees in the country.

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<sup>(1)</sup> See 'Southern Mediterranean' in Chapter V, Section 1, 'European neighbourhood policy', of this Report.

<sup>(2)</sup> COM(2008) 853. See 'Southern Mediterranean' in Chapter V, Section 1, 'European neighbourhood policy', of this Report.

## **Reconstruction process**

### ***Afghanistan***

The European Union continued to play a major role this year in the reconstruction process in Afghanistan. At the international conference on support to Afghanistan in Paris on 12 June, the Commission pledged EUR 500 million for the period 2008–10.

In 2008 Community aid totalled EUR 144 million and was targeted at the three priority sectors of the strategy for Afghanistan (reform of the justice sector and the police, rural development including alternatives to poppy production, and health).

As part of its support to the police, the European Union completed the deployment of the police mission to Afghanistan (EUPOL Afghanistan, under the European security and defence policy (ESDP)) in March. The mission contributes to the establishment of an Afghan police force under Afghan ownership that respects human rights and operates within the framework of the rule of law.

The Commission focused its efforts in the justice sector on the institutional reform programme, coordinating with the ESDP EUPOL mission. European experts based in the key Afghan justice institutions helped to establish a new staff recruitment framework and contributed to the development of the national strategy for the justice sector.

Most of the EU Member States continued to contribute to the UN-mandated International Security Assistance Force operating under NATO command. Their total contribution amounted to approximately 25 000 troops.

The European Parliament commented on Afghanistan several times in the course of the year, adopting inter alia a resolution 'Stabilisation of Afghanistan: Challenges for the EU and the international community' on 8 July.

### ***Iraq***

The European Union continued to contribute substantially to the international reconstruction effort in Iraq under the International Reconstruction Fund Facility for Iraq (IRFFI), managed by the World Bank and the United Nations.

At the annual review conference of the international compact with Iraq (ICI) in Stockholm on 29 May, the European Union stated that it was ready to support the further implementation of the ICI by contributing to the partnership for development in accordance with Iraqi priorities. It reaffirmed its support for the goal of a secure, stable, democratic, prosperous and unified Iraq where human rights are respected.

The financial assistance provided to that end in 2008 amounted to EUR 92 million, including humanitarian aid. Aid was geared mainly to technical assistance and developing national institutions and capacities (support to the Council of Representatives, involving Iraqi ministers in the implementation of the trade and cooperation agreement), while maintaining support for basic services (health, education) and assistance to displaced persons and to refugees.

A milestone in the rebuilding of the country was reached with the implementation of the Community programme to strengthen the rule of law in Iraq and of the public-finance management programme (under the IRFFI).

Negotiations also continued on a trade and cooperation agreement. Conclusion of the agreement will help set the basis for the first-ever contractual relations between the European Union and Iraq.

### ***General references and other useful links***

- External relations:  
[http://ec.europa.eu/external\\_relations/index\\_en.htm](http://ec.europa.eu/external_relations/index_en.htm)
- Common foreign and security policy, civilian operations:  
[http://ec.europa.eu/external\\_relations/cfsp/intro/index.htm](http://ec.europa.eu/external_relations/cfsp/intro/index.htm)
- United Nations:  
<http://www.un.org/english/>
- International Atomic Energy Agency:  
<http://www.iaea.org/>
- Council website on European security and defence policy:  
<http://www.consilium.europa.eu/showPage.asp?id=261&lang=en&mode=g>
- European Defence Agency:  
<http://eda.europa.eu/>
- Rebuilding Iraq:  
[http://ec.europa.eu/external\\_relations/iraq/intro/index.htm](http://ec.europa.eu/external_relations/iraq/intro/index.htm)
- International Reconstruction Fund Facility for Iraq:  
<http://www.irffi.org/>
- Middle East peace process:  
[http://ec.europa.eu/external\\_relations/mepp/index.htm](http://ec.europa.eu/external_relations/mepp/index.htm)

## Section 5

# Multilateral cooperation

### Background

*The European Union continues to work towards enhancing its cooperation with the various international bodies in which it is a member or partner. Where the priorities of these institutions coincide with those of the Union, this cooperation takes the form not only of active participation in the work of the body but also of financial support.*

## United Nations

Cooperation between the European Union and the United Nations continued to grow in 2008 through the extension of the various networks of contacts and the establishment of cooperation and dialogue in every area of EU and UN external relations (peace, security and human rights, economic and social affairs, development and humanitarian aid). In addition to close interaction at policy and operational levels, representatives of the Commission and the UN Secretary-General held several high-level meetings in the course of the year.

The Commission continued to strengthen its partnership with the UN in policy and operational areas both at headquarters and individual country level. The Commission's policy of partnership with the UN was in particular reflected in a steady and substantial increase in the use of UN agencies, funds and programmes, which, owing to the diversity of operations, has led to an increase in its share of contributions over the last 10 years (from EUR 150 million to around EUR 1 billion in 2008). An evaluation of the Commission's external cooperation with partner countries through UN organisations was finalised in June. The results of the evaluation showed that both the Commission and the United Nations, as well as the partner countries, have benefited from this increased cooperation.

On 7 May the Commission signed a joint declaration with the International Atomic Energy Agency. The main aim of the declaration is to reinforce the quality and intensity of cooperation between the two institutions on nuclear energy for peace and development, including through identifying specific priority areas and synergies.

On 16 June the Council approved the European Union's priorities for the 63rd General Assembly of the United Nations: reform of the UN system; gender equality; the rule of

law; international environmental governance; conflict prevention, peacekeeping and peace-building; international justice; the fight against terrorism and non-proliferation; the responsibility to protect; tackling climate change; implementation of the millennium development goals; financing for development; food security; humanitarian assistance; and human rights. The European Union was represented at the general debate of the 63rd General Assembly from 22 to 26 September, notably attending meetings on Africa's development needs and on the millennium development goals.

On 25 September the Commission, the United Nations and the World Bank signed a joint declaration on post-crisis assessments and recovery planning. The declaration establishes a common platform for mobilising the three institutions and their resources in order to harmonise and coordinate post-crisis response frameworks, enhance country resilience to crises by answering the recovery needs of vulnerable populations and strengthen the capacity of national institutions for effective prevention, response and recovery.

On the same day the Council adopted a decision on the conclusion on behalf of the European Community of the United Nations Convention Against Corruption.

The European Union maintained its support for the UN reform process and for the consolidation and effective work of the new bodies created following the 2005 World Summit. Having been invited to take part in meetings as an institutional donor, the European Community contributed actively to the Peacekeeping Commission, which continued its work on Burundi and Sierra Leone, and launched new initiatives concerning Guinea-Bissau (adopting a strategic framework for peace-building in the country on 1 October) and the Central African Republic.

The Union contributed substantially in 2008 to the immediate action plan for the reform of the United Nations Food and Agriculture Organisation (FAO) adopted at the November extraordinary session of the FAO. The aim of the plan is to prepare the organisation to adapt and respond to the challenges of the 21st century.

Further examples of cooperation with the United Nations can be found in the present chapter in the sections on international trade (Section 2), the protection and promotion of common values, development policy, and humanitarian aid (Section 3), European security and defence policy, the Middle East peace process and the reconstruction process (Section 4).

## **Council of Europe**

Cooperation with the Council of Europe continued to develop in 2008 on the basis of the memorandum of understanding between the European Union and the Council of Europe signed in May 2007. One example of the implementation of the agreement was the signing in June of an exchange of letters formalising and laying the foundations for increased cooperation between, on the one hand, the Commission's Directorates-

General for External Relations and Enlargement and, on the other, the Commission for Democracy through Law ('Venice Commission'), the Council of Europe body specialising in constitutional and electoral law.

The European Union–Council of Europe quadripartite meetings (involving the European Union Council Presidency, the European Commission, the Council of Europe Presidency and the Secretariat of the Council of Europe) took a more political turn this year, focusing on the regional crises faced by both organisations.

Discussions centred on the situation in the western Balkans at the meeting of 10 March, in particular the importance of continuing cooperation between the two organisations for the benefit of the countries of the region in the form of joint aid programmes.

The meeting of 10 November dealt with the situation in South Caucasus and the consequences of the crisis following the outbreak of open conflict in Georgia in August. The participants raised the prospect of cooperation between the two organisations with a view to preventing a recurrence of such events, rebuilding confidence between the parties and ensuring respect for human rights, democracy and the rule of law in the region.

## **Organisation for Security and Cooperation in Europe**

Throughout the year the Commission continued to enhance coherence between the activities of the Organisation for Security and Cooperation in Europe and European Union policies as well as their complementarity. Issues of particular importance for cooperation between the two organisations included the OSCE's commitment on border management with Afghanistan, measures to be taken following the outbreak of conflict between Georgia and Russia in August, and the preparations for the Kazakh Presidency of the OSCE in 2010.

The Commission took part in all the OSCE's regular activities scheduled in 2008 in the three dimensions covered by the organisation. The Commission fulfilled its role of leading for the European Union on issues related to the economic and environmental dimension, notably in the 2008 Economic and Environmental Forum, which examined how to improve cooperation between participating states on maritime and inland waterways so as to increase security and protect the environment in the OSCE area.

## **World Bank and regional development banks**

On 3 and 5 March the group of European Executive Directors at the World Bank paid their fifth annual visit to the European institutions in Brussels, where they met all the key Commission, NGO and European Parliament actors. Discussions focused on the direction and strategy of the World Bank, present and future, including Europe's role in the

institution, and the EU policies of relevance to the work of the Bank's EU coordination group. The Commission's contributions to World Bank trust funds and the World Bank's role as an implementing partner in EU initiatives were also discussed.

During the World Bank and International Monetary Fund spring meetings in April, the Commission contributed to the discussions on growth strategies in Africa, rising food and energy prices, and World Bank governance reforms.

In July the Commissioner responsible for economic and monetary affairs met the newly appointed World Bank Chief Economist for talks on the Chief Economist's priorities over the next two years, the global economic outlook and the World Bank's role in the EU-12, the western Balkans and European neighbourhood policy countries.

Another high-level meeting took place in July, during the G8 summit, when the Commission President met the World Bank President to discuss cooperation between the two institutions in the context of the Bank's long-term strategy and soaring food prices, and governance reform.

The Commission also contributed to the debates on climate change at the World Bank/IMF autumn meetings.

As regards regional development banks, the Commission took part as an observer in the 49th annual meeting of the Inter-American Development Bank (4 to 8 April, Miami), the 41st annual meeting of the Asian Development Bank (3 to 6 May, Madrid) and the 43rd annual meeting of the African Development Bank (14 and 15 May, Maputo).

In March, together with the Asian Development Bank, the Commission organised the joint conference on European and Asian integration in order to discuss achievements and challenges in integration and financial stability.

On 18 and 19 June, together with the World Bank and the African Development Bank, the Commission attended the inaugural partnership meeting in Tunis, a joint reinforced cooperation process among the three institutions. The purpose of the meeting was to review the track record in cooperation and identify obstacles, good practices and challenges still to be faced. The African Development Bank is also a key actor in the context of the European Union–Africa strategic partnership adopted in 2007.

## **International Monetary Fund**

The Commissioner responsible for economic and monetary affairs represented the Commission as an observer at the spring meetings of the International Monetary Fund in Washington DC on 12 and 13 April, and contributed to the discussions, in particular on sovereign wealth funds.

The Commission was represented at the International Working Group of Sovereign Wealth Funds, set up by the IMF with the participation of the fund originators, and contributed to the formulation of the generally agreed principles and practices, endorsed by the Ministers of the International Monetary and Financial Committee at the IMF's annual meeting (11 to 13 October).

The Commission received the IMF mission for consultations with the euro-area countries under Article IV of the IMF Articles of Agreement (13 to 22 May).

The Commission also decided to second an official to the IMF to represent the Commission and support meetings of the EURIMF (the group of European representatives to the IMF).

## **European Bank for Reconstruction and Development**

During 2008 the European Bank for Reconstruction and Development (EBRD) committed a total of EUR 5.2 billion for investment projects, reflecting an increase in operations in eastern Europe and central Asia.

At their annual meeting, this year held in Kiev in May, EBRD Governors adopted decisions on the following:

- the allocation of the Bank's EUR 1.1 billion 2007 net income to a strategic reserve (EUR 850 million), to the European Union/G8-led financial effort for Chernobyl (EUR 135 million) and to support for the Bank's projects, notably in the form of technical assistance (EUR 115 million);
- the election of the new President; and
- the request to the Board of Directors to undertake a strategic review of the implications of granting recipient country status to Turkey; a recommendation to this effect was approved by the Board of Directors on 23 September and endorsed by the Board of Governors on 24 October.

In 2008 the tripartite agreement on cooperation in the eastern neighbourhood between the Commission, the EBRD and the European Investment Bank (EIB), signed in December 2006, resulted in one project being finalised and signed. A further 18 projects in the western Balkans were granted technical assistance under the infrastructure project facility. The Commission also adopted a decision with a view to the signing of an agreement between the Commission, the EBRD and the EIB on arrangements for cooperation with Turkey.

The new EBRD environment and social policy, which reflects Commission priorities, was adopted on 12 May.



***General references and other useful links***

- EU relations with the United Nations:  
[http://ec.europa.eu/external\\_relations/un/index.htm](http://ec.europa.eu/external_relations/un/index.htm)
- United Nations:  
<http://www.un.org/english/>
- EU relations with the Council of Europe:  
[http://ec.europa.eu/external\\_relations/coe/index.htm](http://ec.europa.eu/external_relations/coe/index.htm)
- Council of Europe:  
<http://www.coe.int/>
- The European Union and the Organisation for Security and Cooperation in Europe:  
[http://ec.europa.eu/external\\_relations/osce/index.htm](http://ec.europa.eu/external_relations/osce/index.htm)
- Organisation for Security and Cooperation in Europe:  
<http://www.osce.org/>
- World Bank:  
<http://www.worldbank.org/>
- International Monetary Fund:  
<http://www.imf.org/external/index.htm>
- European Bank for Reconstruction and Development:  
<http://www.ebrd.com/index.htm>

# Life of the institutions, other bodies and agencies

In 2008 the institutions established by the Treaty of Rome celebrated their 50th anniversary.

## European Parliament

### *Composition of Parliament*

- European People's Party (Christian Democrats) and European Democrats (EPP-ED), chaired by Mr Daul 288
- Socialist Group in the European Parliament (PES), chaired by Mr Schulz 217
- Alliance of Liberals and Democrats for Europe (ALDE), chaired by Mr Watson 100
- Union for Europe of the Nations (UEN), co-chaired by Ms Muscardini and Mr Crowley 43
- Greens/European Free Alliance (Greens/EFA), co-chaired by Ms Frassoni and Mr Cohn-Bendit 43
- Confederal Group of the European United Left/Nordic Green Left (GUE/NGL), chaired by Mr Wurtz 41
- Independence/Democracy Group (ID), co-chaired by Ms Dahl and Mr Farage 22
- Non-attached (NI) 31

### *Parliamentary reform*

On 8 July, in the light of the proposals by the Working Party on Parliamentary Reform, Parliament adopted amendments to its Rules of Procedure <sup>(1)</sup> laying down in particular

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<sup>(1)</sup> OJ L 44, 15.2.2005.

that doubts concerning the admissibility of questions to the Council or the Commission were to be settled by the President. The minimum number of Members required to form a political group was increased to 25 (or 3.1 % of Members), with at least seven countries represented, with a view to avoiding undue fragmentation. Parliament introduced a new 'short presentation' procedure, whereby only the rapporteur and the Commission (if it so wished) would be given the floor. In addition, only a political group or a group of at least 40 Members would be able to table an alternative motion for a non-legislative resolution. Parliament also amended its Rules of Procedure to include guidelines for the approval of the Commission (new Annex XVIb) and to specifically allow Parliament to use the symbols of the European Union (new Rule 202a).

### ***Parliament's work***

In 2008 Parliament addressed 7 322 questions to the Commission: 6 570 written questions, 659 oral questions with debate and 93 during question time. Parliament addressed 1 037 questions to the Council: 547 written questions, 413 oral questions with debate and 50 during question time.

Parliament received over 1 000 new petitions in 2008, dealing in particular with the environment and nature protection.

### ***Internal policy***

The year saw the adoption at first reading, as agreed at the December European Council as well as at a number of trialogues, of the six proposals making up the energy and climate change package (December II part-session). The adoption of this package barely a year after the tabling of the Commission proposals reflected a true desire for inter-institutional cooperation.

The year also saw major legislative progress in a number of other fields, including the adoption of proposals on consumer credit <sup>(1)</sup> (January part-session), the internal market in Community postal services <sup>(2)</sup> (January part-session), the adoption of common rules in the field of civil aviation security <sup>(3)</sup> (March part-session), and the adoption at second reading of the working-time directive. Agreement was also reached at first reading on the review of the toy safety directive (December II part-session).

Parliament also confirmed the agreement at first reading on the Galileo programme (April part-session), giving its backing to the deployment phase of the programme, which

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<sup>(1)</sup> Directive 2008/48/EC (OJ L 133, 22.5.2008).

<sup>(2)</sup> Directive 2008/6/EC (OJ L 52, 27.2.2008).

<sup>(3)</sup> Regulation (EC) No 300/2008 (OJ L 97, 9.4.2008).

runs until 2013. It decided to create a special budget line for Galileo's administrative expenses (March part-session).

In the field of energy, Parliament adopted a resolution on the action plan for energy efficiency (January II part-session). At the June II part-session, the third energy package <sup>(1)</sup> prompted a wide-ranging debate, particularly on the question of separating ownership of the networks and ownership of production ('unbundling'). Parliament also called for the Agency for the Cooperation of Energy Regulators to be given greater power and to be more independent of the Commission.

On the environment, as part of the mid-term review of the European environment and health action plan 2004–10, Parliament expressed its regret, in particular, that there was no policy of prevention. It called on the Commission to meet two basic objectives by 2010: to raise public awareness and to reconsider European risk-reduction policy. It also adopted the new directives on waste <sup>(2)</sup> and on water policy and chemical pollution of surface water <sup>(3)</sup> (June II part-session).

The financial crisis gave rise to major debates on transparency in the financial field. A resolution adopted by Parliament at its February part-session called on the Commission to introduce an information system for the general public on all recipients of EU subsidies and amounts to be recovered. Three resolutions were adopted (September II and October I part-sessions) asking the Commission to table legislative initiatives on hedge funds and private equity, transparency of institutional investors, and follow-up of the Lamfalussy directives.

Regarding the 'third pillar', the 'justice package' was approved, as were a number of very important texts on migration, such as the proposal for a directive on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment ('blue card') (November I part-session), and the common standards and procedures for the return of third-country nationals residing illegally (June part-session). Parliament also presented two reports dealing with the protection of personal data and the fight against terrorism respectively (September II part-session). The subsequent debate highlighted Parliament's concerns regarding the safeguarding of fundamental rights and respect for democracy in the fight against terrorism.

### **External policy**

The European Parliament also delivered strong messages in the course of the year in the field of external policy.

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<sup>(1)</sup> COM(2007) 528, COM(2007) 529, COM(2007) 530, COM(2007) 531 and COM(2007) 532 (OJ C 4, 9.1.2008).

<sup>(2)</sup> Directive 2008/98/EC (OJ L 312, 22.11.2008).

<sup>(3)</sup> Directive 2008/105/EC (OJ L 348, 24.12.2008).

It adopted a strong position on Iran, with a resolution calling for respect for human rights and international obligations (January II part-session), a resolution on the execution of juvenile offenders (June II part-session) and one on the hangings in Iran (September I part-session).

China also occupied a central place in debates. Referring to the situation in Tibet, Parliament called on China to end its human rights abuses (April I part-session). Following a debate, Parliament called on the EU Council Presidency to try to find a common position on the presence of the Heads of State or Government at the opening ceremony of the Olympic Games in Beijing. Also, by awarding the 2008 Sakharov Prize to Hu Jia, Parliament showed that it firmly and resolutely acknowledged the daily struggle for freedom of all Chinese human rights defenders.

Parliament also adopted positions on a broad range of questions, in most cases leading to resolutions which were well supported. It commented in particular on the continued imprisonment of detainees in Myanmar, the routine killing of civilians in Somalia (June II part-session), and the military coup in Mauritania and the albino killings in Tanzania (September I part-session).

More generally, Parliament adopted its annual report on human rights in the world in 2007 and on the EU's human rights policy, as well as a report on EU election observation missions (May I part-session). June saw the adoption of the reports on the main aspects and basic choices of the common foreign and security policy in 2006 and on the implementation of the European security and defence policy respectively. In the preceding debate, there was general agreement that the European Union needed a holistic and integrated approach to foreign relations to help it play an influential role on the international stage. In July Parliament approved the report on the enlargement strategy for 2007, which called for an intermediate solution to be found which lay between the European neighbourhood policy and full integration into the European Union.

### **Staffing**

At 31 December the establishment plan of Parliament's Secretariat comprised 5 004 permanent posts and 127 temporary posts.

### ***Cooperation between the European Parliament and the Commission***

Parliament endorsed the bilateral agreement concluded with the Commission in the field of comitology at its May I part-session (see below).

On the budgetary front, during the vote on the discharge at the April part-session Parliament called for monthly follow-up meetings with the Commission in order to im-

prove the monitoring of the action plan on better supervision of the Structural Funds and the provision of information on beneficiaries of external aid.

On 22 October Parliament, the Council and the Commission signed a joint declaration 'Communicating Europe in partnership'. It was decided that the European Parliament elections should be one of the communication priorities in 2009.

The Commission also responded quickly to Parliament's request that it table a proposal on the Conditions of Employment of Other Servants of the European Communities (in respect of parliamentary assistants); Parliament adopted its amendments at the December II part-session (consultation).

On the interinstitutional front, Parliament insisted on the organisation of a debate in October to discuss the priorities of the political groups in advance of the Commission's legislative and work programme for 2009. Although the Commission accepted the idea of an intra-parliamentary preparatory debate, no debate took place because the groups were unable to agree on a joint resolution. Even the adoption of Parliament's *ex post* resolution, due in December, had to be postponed.

**Table 4****Parliamentary proceedings from January to December — Resolutions and decisions adopted**

	Legislation					Other procedures				Total	
	Cooperation		Co-decision		Assent	Budget and discharge	Own initiative	Resolutions (Articles 103 and 108)	Human rights		Miscellaneous
	Consultation <sup>(1)</sup>	First reading	Second reading <sup>(2)</sup>	First reading <sup>(2)</sup>							
January I	4			5	1			8	2	3	23
January II	1			3	1			3	3		12
February	2			12	1	2		10	5	3	37
March	10			4	1	1	2	9	2	4	35
April I	5			2			1	5	6		20
April II	3			1	1	1	31	11	7	3	59
May I	3							6	2	2	13
May II	4			9	1		2	14	8	3	41
June I	4			4			2	7	4		22
June II	8			24	3			7	7	3	52
July	11			11	8		1	10	6	3	54
September I	10			10			1	12	8	3	45
September II	7			15	6		1	13	6	1	49
October I	2					1		6	4	2	15
October II	9			12	2	1	3	8	10	3	50
November	13			7	1	1	1	7	8	3	44
December I	5			2				3	2		12
December II	9			19	3	4	3	12	3	3	59
<b>Total 2008</b>	<b>110</b>			<b>140</b>	<b>29</b>	<b>10</b>	<b>48</b>	<b>151</b>	<b>93</b>	<b>34</b>	<b>642</b>

<sup>(1)</sup> Including 65 cases in which Parliament proposed amendments to the Commission proposal.

<sup>(2)</sup> Including 93 cases in which Parliament proposed amendments to the Commission proposal.

<sup>(3)</sup> Including 19 cases in which Parliament amended the Council's common position.

## **European Ombudsman**

In 2008 the European Ombudsman, Mr Diamandouros, acting on the basis of Article 195 of the EC Treaty, opened some 200 new inquiries, mainly relating to staff matters, access to documents, grants and subsidies, and infringements.

In June the regulations governing the performance of the Ombudsman's duties were amended, giving the Ombudsman full access to EU documents during his inquiries, clarifying the rules on officials giving evidence not as private individuals or 'in accordance with instructions', but as the official responsible for a specific matter, and recognising the need for the Ombudsman to cooperate with national institutions for the promotion and protection of fundamental rights.

The Ombudsman worked hard over the course of the year to encourage greater transparency on the part of the European institutions, issuing press releases on MEPs' allowances (15 July) and citizens' right of access to documents (2 June).

He also expressed concern, in press releases, about late payment by the Commission (7 July), and criticised it for language discrimination in an EU project (27 May).

On 9 July the Ombudsman signed a memorandum of understanding with the European Investment Bank with the purpose of improving stakeholders' protection from any possible maladministration as regards the EIB's activities.

The European Ombudsman's annual report for 2007 was published on 10 March.

## **Council and European Council**

### ***Council***

The Council was chaired by Slovenia for the first half of 2008 and by France in the second half. It held a total of 117 formal meetings in its various configurations.

### **Slovenian Presidency**

In the first half of the year over 8 000 events were held, including 33 informal meetings of the Council of the European Union, 16 informal meetings and conferences at ministerial level, and 66 meetings between the European Union and non-member countries.

In anticipation of the entry into force of the Lisbon Treaty, the Slovenian Presidency took charge of the preparatory work required for its implementation.



In other fields, the introduction of the 'fifth freedom' (the free movement of knowledge) and the 'Ljubljana process' gave a new impetus to knowledge and innovation, while the agreement on the introduction of the European satellite navigation system (Galileo) boosted technological development in the European Union.

In the field of energy, broad agreement was reached on the fundamentals of the third legislative package on the liberalisation of the internal market in gas and electricity <sup>(1)</sup>. The Slovenian government also saw the final adoption of five key acts on environmental protection: the waste directive <sup>(2)</sup>, the mercury regulation <sup>(3)</sup>, the directive on environmental quality standards for water <sup>(4)</sup>, the directive bringing aviation within the remit of the European emissions trading scheme <sup>(5)</sup> and the directive on the protection of the environment through criminal law <sup>(6)</sup>.

On the internal market front, a number of proposals were adopted, including the legislative package on the free movement of goods <sup>(7)</sup>, the decision on mobile satellite services <sup>(8)</sup>, the postal services directive <sup>(9)</sup>, the new customs code <sup>(10)</sup>, the directive on credit agreements for consumers <sup>(11)</sup> (final adoption), and the regulation on the placing of plant protection products on the market (agreement in the Council). On employment, the Council reached a political agreement on the working-time directives <sup>(12)</sup> and the directive on working conditions for temporary workers <sup>(13)</sup>.

On foreign and neighbourhood policy, stabilisation and association agreements were signed with Bosnia and Herzegovina, and Serbia. The 'Black Sea synergy' initiative was also launched. When Kosovo declared its independence, the European Union was able to present a united front on the main issues and destabilisation of the region was avoided.

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<sup>(1)</sup> COM(2007) 528, COM(2007) 529, COM(2007) 530, COM(2007) 531 and COM(2007) 532 (OJ C 4, 9.1.2008).

<sup>(2)</sup> Directive 2008/98/EC (OJ L 312, 22.11.2008).

<sup>(3)</sup> Regulation (EC) No 1102/2008 (OJ L 304, 14.11.2008).

<sup>(4)</sup> Directive 2008/105/EC (OJ L 384, 24.12.2008).

<sup>(5)</sup> Directive 2008/101/EC (OJ L 8, 13.1.2009).

<sup>(6)</sup> Directive 2008/99/EC (OJ L 328, 6.12.2008).

<sup>(7)</sup> OJ L 218, 13.8.2008.

<sup>(8)</sup> Decision No 626/2008/EC (OJ L 172, 2.7.2008).

<sup>(9)</sup> Directive 2008/6/EC (OJ L 52, 27.2.2008).

<sup>(10)</sup> Regulation (EC) No 450/2008 (OJ L 145, 4.6.2008).

<sup>(11)</sup> Directive 2008/48/EC (OJ L 133, 22.5.2008).

<sup>(12)</sup> COM(2004) 607 (OJ C 322, 29.12.2004).

<sup>(13)</sup> COM(2002) 149 (OJ C 203 E, 27.8.2002).

## **French Presidency**

The main area of work for the French Presidency of the Council of the European Union was the legislative package on energy and climate change <sup>(1)</sup>. Thanks to the commitment of the Presidency and the Council, assisted by the Commission and with the cooperation of Parliament, it was possible to reach agreement on this package at first reading. Progress was also made on work on two other proposals <sup>(2)</sup> linked to the package (the directive on the quality of fuels and the directive aiming to reduce CO<sub>2</sub> emissions from light-duty vehicles) and agreements were reached at first reading.

In the field of energy, the work on the third liberalisation package produced a political agreement.

Another politically sensitive area in which the French Presidency was able to broker an agreement was the telecom package <sup>(3)</sup> (review of the regulatory framework for EU electronic communications networks and services), which has now to be negotiated with Parliament. Also noteworthy was the difficult conciliation process with Parliament on the package on maritime safety.

Lastly, the common agricultural policy health check <sup>(4)</sup>, designed to permit a better response to the new challenges and opportunities facing European agriculture, such as climate change, the need for better water management, protection of biodiversity and 'green' energy production, was successfully concluded.

During the French Presidency the European Union responded to the challenges and played a decisive role in handling the crisis in Georgia and the financial crisis, presenting a united and determined front. Its decisive action in Georgia on 12 August facilitated a cessation of hostilities and contributed to finding a balanced peace, which has still to be consolidated. In the face of the economic crisis, it quickly succeeded in defining a strategy for the 27 Member States using all the potential of the common European policies.

## **Staffing**

At 31 December the establishment plan of the General Secretariat of the Council comprised 3 461 permanent posts and 36 temporary posts.

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<sup>(1)</sup> COM(2008) 16, COM(2008) 17, COM(2008) 18 and COM(2008) 19.

<sup>(2)</sup> COM(2007) 18 and COM(2007) 856.

<sup>(3)</sup> COM(2008) 720, COM(2008) 723 and COM(2008) 724.

<sup>(4)</sup> COM(2008) 306 (OJ C 10, 15.1.2009).

## ***European Council***

### **13 and 14 March**

The European leaders launched the new three-year cycle of the Lisbon strategy (2008-10), confirming the validity of the integrated guidelines for growth and jobs. The European Council also called for work to continue on the 10 objectives identified in the new Community Lisbon programme and approved the roadmap and key principles for implementation of the climate and energy legislative package. Particular attention was devoted to the recent turmoil on the financial markets, how to respond and how to prevent it happening again, and to the future of sovereign wealth funds. Finally, the European Council approved the principle of a Union for the Mediterranean and called on the Commission to present proposals designed to give new impetus to the Barcelona process and to enhance EU relations with its Mediterranean neighbours.

### **19 and 20 June**

This meeting of the European Council focused on the consequences of the Irish 'no' vote on ratification of the Lisbon Treaty. The European Council underlined the importance of continuing, in parallel with the ratification process, to deliver concrete results in the areas of greatest concern to the people of Europe. The pressures created by the sharp rise in food and oil prices, as well as by economic and social questions and issues relating to health and the environment, were also high on the agenda. The European Council also devoted considerable attention to the Commission proposals on immigration and asylum. On the external relations front, the salient points were achievement of the millennium development goals, the Union for the Mediterranean, and the proposals for developing the eastern dimension of the European neighbourhood policy. A declaration on the European perspective on the western Balkans was also adopted.

### **Extraordinary European Council on the situation in Georgia (1 September)**

The European Council strongly condemned Russia's unilateral decision to recognise the independence of Abkhazia and South Ossetia, and called on other states not to recognise this proclaimed independence. It welcomed the ceasefire resulting from the six-point agreement reached on 12 August, and the gradual withdrawal of Russian military forces. It undertook to resume emergency aid, to maintain a presence on the ground to support the efforts to secure a peaceful and lasting solution to the conflict, and to step up its relations with Georgia. Finally, it noted that, with the crisis in Georgia, relations between the European Union and Russia had reached a crossroads, and called on Russia to make the fundamental choice in favour of mutual interest, understanding and cooperation.

## **15 and 16 October**

Against a backdrop of international economic and financial crisis, the European Council expressed its resolve to act in a concerted and comprehensive manner to protect the European financial system and depositors. It also reaffirmed the objective of an overall agreement on the energy/climate change issue before the end of the year, agreed to speed up work on energy security, and adopted the European pact on immigration and asylum. In the external sphere, it took stock of Russia's implementation of the agreement of 8 September on the withdrawal of its troops, the general situation in Georgia and EU relations with its eastern neighbours. It also took note of the analysis of the Irish referendum on the Lisbon Treaty and decided to return to the issue in December. In addition, the European Council endorsed the composition of the reflection group on the future of the Union.

## **11 and 12 December**

The European Council approved a European economic recovery plan equivalent to around 1.5 % of the GDP of the European Union (around EUR 200 billion). The plan provides a common framework for the efforts made by Member States and by the European Union, with a view to ensuring consistency and maximising effectiveness. The European Council also reached agreement on the energy/climate change package. This decisive breakthrough will enable the European Union to honour the ambitious commitments entered into in this area in 2007 to maintain its leading role in the search for an ambitious and comprehensive global agreement at Copenhagen in 2009. Moreover, the European Council demonstrated its intent, through concrete decisions, to give new impetus to the European security and defence policy in order to meet the new security challenges. It also discussed the factors designed to respond to the concerns expressed during the Irish referendum and established an approach to enable the Treaty of Lisbon to come into force before the end of 2009.

# **Commission**

## ***Synthesis of management achievements in 2007***

On 4 June the Commission published a synthesis of its management achievements in 2007 <sup>(1)</sup>. By adopting this synthesis, the Commission assumed its political responsibility for management by its Directors-General and Heads of Service, on the basis of their annual activity reports and declarations of assurance.

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<sup>(1)</sup> COM(2008) 338 (OJ C 10, 15.1.2009).

### ***Strategic planning and programming for 2009***

On 13 February, as the first stage of its annual programming cycle, the Commission adopted its annual policy strategy for 2009 <sup>(1)</sup>, of particular importance this year because of the institutional changeover ahead.

On 5 November the Commission presented its 2009 legislative and work programme <sup>(2)</sup>. In a Europe confronted by economic and financial crisis, the top priorities for 2009 will be sustainable economic and social reform in Europe under the renewed Lisbon strategy for growth and jobs, an integrated approach to migration, and the introduction of measures in the field of energy and climate change. Priority will also be given to putting the citizen first. The Commission plans to step up its communication policy and continue to work towards simplification and the reduction of the administrative burden as part of its better regulation objective.

As regards Europe as a world partner, the Commission will devote particular attention to pursuing the enlargement process, developing the European perspective for the countries of the western Balkans, and developing the eastern partnership and the Union for the Mediterranean within the framework of the European neighbourhood policy. It will endeavour to build up its partnership with the United States and will continue to work towards a trade agreement with the World Trade Organisation and furtherance of the millennium development goals.

### ***Legislative activity***

The Commission met 43 times during the year. It sent 420 proposals for directives, regulations and decisions and 10 recommendations. It also presented 318 communications and reports, nine Green Papers and one White Paper. In addition to the new initiatives, programmes and action plans adopted, the debates launched and the ongoing activities pursued under its work programme for 2008, these figures include proposals for routine management instruments and proposals for consolidating existing legislation.

### ***Relations with national parliaments***

On 6 May the Commission adopted its third annual report on relations with national parliaments <sup>(3)</sup>. The report reviews progress in 2007 on the achievement of the objectives set, including visits to national parliaments by Members of the Commission and greater accessibility to national parliaments in the performance of their institutional responsibilities.

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<sup>(1)</sup> COM(2008) 72 (OJ C 207, 14.8.2008).

<sup>(2)</sup> COM(2008) 712.

<sup>(3)</sup> COM(2008) 237.

In 2008 the Commission continued to pursue the objectives set out in February 2005, with attendance at meetings of the permanent representatives of the national parliaments, high-level participation in the Conference of European Affairs Committees of the Parliaments of the European Union <sup>(1)</sup> (COSAC) and in meetings between national parliaments and the European Parliament organised by COSAC, and the drafting of a newsletter.

Since September 2006 the Commission departments have been sending all new proposals and consultation papers to all the national parliaments and responding to their opinions in accordance with a procedure that has been developed <sup>(2)</sup>.

In 2008 the Commission received approximately 200 opinions as part of this process ('the Barroso initiative'). There have been some 114 empowerment procedures and 10 simplified procedures launched. Seventy-six opinions were fully positive.

In relation to two new subsidiarity tests carried out in the COSAC framework, 27 opinions were issued: 12 of these were concerned with the proposal for the amendment of the framework decision on combating terrorism <sup>(3)</sup>. Only the UK House of Commons submitted a negative opinion in respect of compliance with the principle of subsidiarity; five other chambers asked the Commission to clarify a number of issues relating to justification of the decision in terms of subsidiarity; five assemblies raised the problem of the link with the Council of Europe Convention on the Prevention of Terrorism. Fifteen opinions were concerned with the proposal on implementing the principle of equal treatment; 14 opinions were positive with regard to compliance with the principle of subsidiarity; only the Czech Senate's opinion was negative.

Another 173 opinions concerned different Commission documents. The following Commission documents were commented on by at least three assemblies: the proposals on cross-border healthcare, the common agricultural policy health check, the review of the CO<sub>2</sub> emissions trading scheme and the promotion of renewable energy sources, the 2009 annual policy strategy, and the communication on preparing for the health check of the CAP reform.

Certain second chambers were very active: the Czech Senate, the German Bundesrat, the French Senate and the UK House of Lords were authors of 54 out of the 200 opinions. Other proactive assemblies included the Swedish Riksdagen, the Danish Folketing and the Portuguese Assembleia da República.

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<sup>(1)</sup> Vice-President Frattini in Ljubljana in February, Mr Potočnik in Brdo in May, Ms Ferrero-Waldner in Paris in July and Vice-President Barrot in Paris in November.

<sup>(2)</sup> COM(2006) 211(OJ C 176, 28.7.2006) and SEC(2006) 1252.

<sup>(3)</sup> Framework Decision 2002/475/JHA (OJ L 164, 22.6.2002).

More assemblies engaged regularly in significant dialogue with the Commission than in 2007. Furthermore, the national parliaments concentrated more on strategic dossiers which were often on the Council agenda (as illustrated above).

### ***Staff policy and human resources management***

In 2008 the Commission had 19 796 permanent administrative posts and 366 temporary administrative posts, and 3 828 permanent research posts (1 957 for direct actions and 1 871 for indirect actions). There were also 1 913 permanent posts and 177 temporary posts for offices attached to the Commission. In the agencies, there were 4 163 posts for officials and temporary staff in the regulatory agencies and joint undertakings, and 326 posts for temporary staff in the executive agencies.

At 1 December, 22 Commission officials were seconded outside the Commission under the staff exchange scheme, and 1 149 national experts were working at the Commission. In 2008, 340 national civil servants had the opportunity to see the working of the Commission from the inside under its professional training programme.

## **Court of Justice and other courts**

### ***Appointments to the Court of Justice***

Mr Jean-Jacques Kasel was appointed to the Court of Justice in 2008 as judge.

### ***Appointments to the Court of First Instance***

Mr Kevin O'Higgins was appointed to the Court of First Instance in 2008 as judge.

### ***Staffing of the courts***

At 31 December the Court of Justice, the Court of First Instance and the Civil Service Tribunal had 1 455 permanent posts and 438 temporary posts.

### ***Case-law of the Court of Justice and the Court of First Instance <sup>(1)</sup>***

The Court of Justice delivered three important judgments on institutional matters.

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(<sup>1</sup>) Fuller summaries of the case-law are available on the Europa website of the Commission's Legal Service.

- In *Commission v Council* <sup>(1)</sup> the Court clarified the dividing line between the EC Treaty and the 'second pillar' of the EU Treaty — i.e. the common foreign and security policy — when it comes to choosing the correct legal basis for a given instrument. It found that measures taken to combat the proliferation of small arms and light weapons, being aimed also at preventing fragility in developing countries, could contribute to the elimination or reduction of obstacles to those countries' economic and social development. It accordingly annulled the Council decision inasmuch as it was based on a CFSP provision and the measures in question also fell within a competence conferred by the EC Treaty.
- In *Kadi v Council and Commission* <sup>(2)</sup> the Court held that the full review by the Community courts of the validity of all measures subject to their jurisdiction in the light of fundamental rights was the expression of a constitutional guarantee stemming from the EC Treaty. Setting aside the judgments of the Court of First Instance, the Court ruled itself on the merits of the case and took a stand in particular on the issue of respect for the rights of the defence. While the Community authorities were not required to communicate the grounds or to hear the persons concerned prior to the inclusion of their names in the list of persons and entities whose funds were to be frozen, they ought nevertheless to have done so within a reasonable period of such a measure being taken.
- In *Sweden and Turco v Council* <sup>(3)</sup> the Court examined the conditions governing disclosure to the public of legal opinions given in the context of a legislative process. It took the view that it was precisely transparency — by enabling differences between several points of view to be openly debated — that contributed to increased citizen involvement in the decision-making process and to greater legitimacy, efficiency and responsibility of the institutions in the eyes of citizens in a democratic system. The disclosure of such an opinion could be refused only if, for example, there was a real risk of the interest of the institution concerned in seeking frank, objective and comprehensive advice being undermined.

The Court delivered three particularly noteworthy judgments on questions of citizenship and the free movement of persons.

- In *Feryn* <sup>(4)</sup> the Court clarified the scope of the protection afforded by Community law against discrimination based on race or ethnic origin and ruled that public statements by which an employer let it be known that it would not recruit any employees of a certain ethnic or racial origin constituted per se direct discrimination in respect of recruitment inasmuch as such statements were likely to strongly dissuade some applicants from applying for the post and hence to impede their access to the labour market.

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<sup>(1)</sup> Case C-91/05.

<sup>(2)</sup> Joined Cases C-402/05 P and C-415/05 P.

<sup>(3)</sup> Joined Cases C-39/05 P and C-52/05 P.

<sup>(4)</sup> Case C-54/07.



- In *Coleman* <sup>(1)</sup> the Court clarified the scope of the prohibition of direct discrimination on grounds of disability laid down in Directive 2000/78/EC, which established, in regard to employment and occupation, the legal framework for combating discrimination based on religion or belief, disability, age or sexual orientation. It held that the prohibition laid down in the directive applied not only to conduct directed at an employee who was himself disabled, but also to that directed at an employee who was treated less favourably by reason of the disability of his child, for whom he was the primary provider of the care required by virtue of the child's condition.
- In *Mayr* <sup>(2)</sup> the Court extended its case-law on equal treatment for men and women and clarified the scope of the prohibition of dismissal of pregnant workers laid down in Directive 92/85/EEC. Taking into account the earliest possible date for the existence of pregnancy, the protection could not apply in the case of *in vitro* fertilisation where the fertilised ova had not yet been transferred into the woman's uterus.

In the area of competition and state aid, in *Bertelsmann and Sony Corporation of America v Impala* <sup>(3)</sup> the Court clarified the requirements as regards an adequate statement of reasons and proof for a corporate merger decision and annulled a judgment of the Court of First Instance.

On justice, freedom and security, in three cases where judgments were rendered particularly speedily — *Rinau* <sup>(4)</sup>, *Santesteban Goicoechea* <sup>(5)</sup> and *Kozłowski* <sup>(6)</sup>, in the first two using the new urgent preliminary ruling procedure — the Court laid down important pointers as to how to interpret the decision on the European arrest warrant (*Kozłowski* and *Santesteban Goicoechea*) and the 'Brussels II bis' regulation from the point of view of the conditions governing the enforcement of a judicial decision ordering the return of a child wrongfully retained in another Member State (*Rinau*).

In the area of the environment, in *Commune de Mesquer* <sup>(7)</sup>, a case brought following the sinking of the oil tanker *Erika*, the Court clarified once more the scope of the concept of waste in Community law and held that, in the circumstances of a shipwreck, hydrocarbons mixed with water and sediment and drifting along the coastline of a Member State had to be classified as waste within the meaning of Directive 75/442/EEC. It also analysed the conditions governing liability for the cost of disposing of the waste.

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<sup>(1)</sup> Case C-303/06.

<sup>(2)</sup> Case C-506/06.

<sup>(3)</sup> Case C-413/06 P.

<sup>(4)</sup> Case C-195/08 PPU.

<sup>(5)</sup> Case C-296/08 PPU.

<sup>(6)</sup> Case C-66/08.

<sup>(7)</sup> Case C-188/07.

## **Court of Auditors**

### ***Annual activity report***

The first annual activity report of the European Court of Auditors, covering the year 2007, was presented on 18 July. The initiative is aimed at bringing the Court of Auditors closer to EU citizens and promoting transparency and accountability. It forms part of an ambitious communication policy being pursued by the Court.

### ***Annual report on implementation of the EU budget***

The Court's annual report on implementation of the EU budget for the 2007 financial year <sup>(1)</sup> was published on 10 November. For the first time since the accrual accounting rules were introduced, the Court gave an unqualified opinion on the consolidated accounts. The opinion on the underlying transactions was, on the whole, similar to that for the previous financial year: although most of the payments audited by the Court were made in accordance with the rules, the Court still considered that the level of error affecting payments to final beneficiaries, such as farmers and the promoters of projects financed by the European Union, was too high. The Court stressed the need to improve supervisory and control systems and recommended that the rules be simplified.

### ***Special reports***

The special reports produced by the Court of Auditors in 2008 concerned the following:

- procedures for the preliminary examination and evaluation of major investment projects for the 1994–99 and 2000–06 programming periods together with the Commission's replies <sup>(2)</sup>;
- binding tariff information <sup>(3)</sup>;
- the European Union Solidarity Fund: how rapid, efficient and flexible is it? <sup>(4)</sup>;
- the implementation of milk quotas in the Member States which joined the European Union on 1 May 2004 <sup>(5)</sup>;
- the European Union's agencies <sup>(6)</sup>;

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<sup>(1)</sup> OJ C 286, 10.11.2008.

<sup>(2)</sup> OJ C 81, 1.4.2008.

<sup>(3)</sup> OJ C 103, 24.4.2008.

<sup>(4)</sup> OJ C 153, 18.6.2008.

<sup>(5)</sup> OJ C 185, 22.7.2008.

<sup>(6)</sup> OJ C 238, 17.9.2008.

- rehabilitation aid granted by the European Commission after the tsunami and hurricane Mitch;
- ‘Intelligent energy 2003–06’;
- the effectiveness of the conditionality policy;
- the effectiveness of European Union support for Belarus, Moldova and Ukraine in the fields of liberty, security and justice;
- management of EU support for public storage operations for cereals;
- European Community development assistance to health services in sub-Saharan Africa.

### ***Specific annual reports***

The specific annual reports produced by the Court of Auditors in 2008 concerned the annual accounts of the various European Union bodies and agencies for 2007.

### ***Opinions***

In 2008 the Court of Auditors issued opinions on various legislative proposals, including:

- the proposal to amend the financial regulation of the European Aviation Safety Agency;
- the proposal to amend the Euratom regulation on the system of the Communities’ own resources <sup>(1)</sup>;
- the proposal to amend the regulation determining the categories of officials and other servants of the European Communities to whom the provisions on the privileges and immunities of the Communities apply <sup>(2)</sup>;
- the financial regulation of the European Joint Undertaking for ITER and the Development of Fusion Energy;
- the proposal to amend the Council regulation on the conditions of employment of other servants of the European Communities.

## **European Economic and Social Committee**

At its nine plenary sessions during the year, the Committee delivered 189 opinions as a result of mandatory or optional consultations and 45 own-initiative opinions.

In 2008 the Committee celebrated its 50th anniversary in the presence of numerous leading European figures. All the speakers stressed the essential role the Committee has

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<sup>(1)</sup> OJ C 192, 29.7.2008.

<sup>(2)</sup> OJ C 199, 5.8.2008.

played in representing the social partners, from its inception to the present time, when it has become a bridge between civil society and the institutions. During the year, several Members of the Commission took part in the Committee's proceedings.

The Committee's leadership was renewed in October. Mr Mario Sepi was elected President, succeeding Mr Dimitris Dimitriadis. Two Vice-Presidents were also elected: Ms Irini Pari (responsible for communication) and Mr Seppo Kallio (responsible *inter alia* for budgetary matters).

The Committee's priorities in 2008 centred on the strengthening of participatory democracy, the renewal of Europe's productive structures through the Lisbon strategy, and the practical application of the rights inherent in the European social model. The Committee's President-elect introduced a new procedure aimed at grouping opinions on the same subject in the interests of non-repetitive debate.

The question of the Committee's future was raised at the plenary session on 17 and 18 September. Some members called for the Committee to have a more political profile, as the only way for it to make a stronger impact. Moreover, its opinions were considered often too long, their wording not always clear and their distribution too slow. It was also suggested that the section presidents group should be revived to enable a more judicious selection of which opinions to deliver. Relations with the other institutions were also touched upon: it was felt that there was not enough feedback from them and it was not clear whether the Committee's advisory function was being taken into account. In a similar vein, some members considered that the real work began after an opinion was adopted and that a careful check should be kept on how the Committee's work was disseminated to the outside world.

At its plenary session on 9 and 10 July the Committee extended its scope for action by creating a Lisbon strategy observatory, operational until October 2010, which will work closely with the Committee's ECO section.

The Committee adopted several opinions in the area of employment and social affairs, concerning *inter alia* sanctions against employers of illegally staying third-country nationals <sup>(1)</sup> and the pay gap between women and men <sup>(2)</sup>. Flexicurity was also on the agenda. In this context, the Committee adopted an opinion on the new social action programme aimed at enhancing the social dialogue and an opinion on the programme on services to business. In response to a request by the Slovenian Presidency, the Committee delivered an opinion on improving the situation of young people on the labour market <sup>(1)</sup>.

The Committee also took a position on energy and environmental issues. Its opinion on the use of energy generated from renewable sources stressed that the share accounted

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<sup>(1)</sup> OJ C 204, 9.8.2008.

<sup>(2)</sup> OJ C 211, 19.8.2008.

for by renewables in the medium and long term would have to be much higher than the target of 20 % by 2020. In its opinion on sustainable energy production from fossil fuels, the Committee expressed concern at the lack of medium- and long-term financing capacity. It also voiced its disagreement with the idea of organising emission quota auction sales at national level with an obligatory 20 % of income going to measures aimed at reducing CO<sub>2</sub> emissions. In its opinion on energy efficiency, the Committee deplored the Member States' tardy preparation of national action plans on the subject and pointed to the need for civil society involvement.

## Committee of the Regions

At its five plenary sessions in 2008, the Committee presented 54 opinions, of which three were outlook opinions. It adopted three resolutions and seven own-initiative opinions.

The Committee's priorities centred on reform of the European Union budget, the energy and climate change package, the Lisbon strategy objectives, promotion of cohesion policy and the European territorial cooperation grouping, cultural diversity, neighbourhood policy, multi-level governance and subsidiarity.

At its 73rd plenary session on 6 and 7 February the Committee renewed its leadership. In accordance with the rotation principle, Mr Luc Van den Brande was elected President, while Mr Michel Delebarre became first Vice-President. The Committee also elected its 24 Vice-Presidents and other Bureau members, together with the political group chairmen.

On the budgetary front, at its 74th plenary session on 9 and 10 April the Committee voted a 9.2 % increase in the budget estimates (under the preliminary draft budget for 2009) owing primarily to the increased workload caused by subsidiarity. On the same occasion, it expressed the wish to be included in the debate on European budget reform.

During the year the Committee played an active part in promoting the role of territorial entities. In its opinion on the European territorial cooperation grouping <sup>(1)</sup> it issued a strong message of support for the governance process which the new instrument will help promote in the interests of territorial cohesion. The opinion on the urban transport Green Paper <sup>(2)</sup> pointed up the need for a more integrated approach targeted at the environment, spatial planning and mobility. In its opinion on the problems of water scarcity and drought in the European Union <sup>(2)</sup>, the Committee reminded regional and local authorities of the urgent need to implement the targets set by the water framework di-

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(1) OJ C 257, 9.10.2008.

(2) OJ C 172, 5.7.2008.

rective. In addition, it sought to add value to the European ports policy <sup>(1)</sup> by addressing the challenge of balancing economic factors and environmental concerns.

The Committee adopted an opinion on the active promotion of persons furthest removed from the labour market <sup>(2)</sup> and an opinion on the European Year for Combating Poverty and Social Exclusion <sup>(2)</sup> which highlights the role of local and regional authorities in integrating excluded persons. It also adopted an outlook opinion on multilingualism <sup>(2)</sup> reflecting the situation on the ground in bilingual regions and recognition for minority languages.

Over the course of the year the President and Members of the European Commission played an active part in the Committee's work and a number of structured dialogue meetings were held.

## European Central Bank

The European Central Bank continued to pursue a monetary policy aimed at maintaining price stability in the euro area. By ensuring such stability, monetary policy contributes to the promotion of growth and employment in the euro area. On 3 July, in order to prevent any major secondary effects and reduce the risks to medium-term price stability, the ECB's Governing Council raised key interest rates by 25 basis points to 4.25 %. Following the resulting improvement in price stability prospects it lowered key interest rates by 175 basis points between 8 October and 31 December.

The lowering of key interest rates on 8 October was coordinated with five other central banks. On the same day, the Governing Council also announced changes to its monetary policy instruments consisting in a narrowing of the corridor formed by the two standing facilities from 200 to 100 basis points and the adoption of a fixed-rate tender procedure with full allotment at the interest rate on the main refinancing operation.

Several features of the ECB's monetary policy implementation framework were changed during the year to help the banking sector withstand the turmoil in the financial markets. First, in order to consolidate the progress made in the normalisation of the euro money markets, the Governing Council announced the renewal of three-month longer-term refinancing operations (LTROs) in February, March and July, and carried out supplementary six-month longer-term refinancing operations in April and July together with a special refinancing operation announced in September. On 4 September the Governing Council decided to renew all the LTROs and on 7 October the pre-announced allotment amount in the supplementary six-month longer-term refinancing operation was increased from EUR 25 billion to EUR 50 billion. On 15 October the Governing Council indicated that

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<sup>(1)</sup> OJ C 172, 5.7.2008.

<sup>(2)</sup> OJ C 257, 9.10.2008.

all these operations would be rolled over until and including March 2009 and that it would be carrying out four supplementary six-month longer-term refinancing operations. In October, to enhance the provision of liquidity, the Eurosystem expanded the list of institutions eligible for quick tenders (the procedure normally used for fine-tuning operations) and the list of assets eligible as collateral in Eurosystem credit operations.

Second, the Governing Council announced a total of eight dollar liquidity-providing operations as part of the temporary tender arrangement concluded with the Federal Reserve system. These operations, which initially were conducted at terms of 28 days and for an amount of USD 10 billion each, saw their terms lengthened and the amounts involved gradually increased to a total not exceeding USD 110 billion. On 29 September the ECB further increased the dollar liquidity provision by doubling the size of its temporary reciprocal currency arrangement (swap lines) with the Federal Reserve to USD 240 billion until 30 April 2009. On 13 October it announced that it would conduct all these operations at fixed rates for full allotment, the Federal Reserve having for its part announced that it would be increasing the size of the swap lines so as to cover all dollar financing requirements. Lastly, it set up liquidity-access-easing arrangements with other central banks.

In conducting its basic tasks with regard to monetary policy and preservation of the stability of the financial system, the ECB continued to ensure transparency by explaining the economic and monetary assessment underlying its policy decisions in regular press conferences given by its President, in its monthly bulletin and in other publications and speeches by members of its Governing Council. Also, in line with the ECB's statutory reporting obligations, its President appeared four times before Parliament's Committee on Economic and Monetary Affairs, as well as at a plenary session of the European Parliament. He also appeared before a joint meeting of the European and national parliaments to discuss the EU framework for safeguarding financial stability. In addition, four other members of the Executive Board appeared before the European Parliament on five occasions.

Following a request by the Slovak authorities, the ECB examined whether Slovakia fulfilled the conditions for the adoption of the euro in a convergence report published on 7 May. On 28 May, at the request of the Slovak authorities, the central rate of the Slovak koruna in the exchange rate mechanism II was revalued by 17.6472 %. Taking into account the ECB and European Commission convergence reports, and on a proposal from the Commission, the Council decided to abrogate Slovakia's derogation on 8 July, allowing it to adopt the euro on 1 January 2009. The ECB, together with Národná banka Slovenska, undertook the necessary preparations for Slovakia's entry into the Eurosystem, including a joint communication campaign on euro banknotes and coins. The ECB also monitored the smooth and successful completion of the euro cash changeover process in Cyprus and Malta.

In the field of payment and securities settlement systems, on 19 May the Eurosystem successfully completed the migration to Target2 of all participating national central banks and the respective Target user communities. Drawing on both the positive feedback from the European central securities depositories in response to the invitation to join the Target2-Securities (T2S) initiative and the views expressed by the Council (Economic and Financial Affairs), on 17 July the Governing Council formally launched the T2S project, which will allow the harmonised settlement in central bank money of securities transactions in Europe, and announced the launch of the collateral central bank management (CCBM2) project, a common platform for Eurosystem collateral management. Target2, T2S and CCBM2 complement one another and together form a 'liquidity management triangle'. To further optimise their synergies, the Eurosystem started to explore opportunities to develop a Eurosystem single interface through which all three services could be accessed. The ECB also cooperated closely with the European Commission in the process leading up to the establishment of the single euro payments area (SEPA), with the successful launch of the SEPA credit transfer scheme and the SEPA card payments framework in January 2008. In September the ECB and the European Commission encouraged the European Payments Council to move ahead with the launch of the SEPA direct debit scheme.

The ECB continued its work on prudential supervision and financial stability, by monitoring and analysing the main developments in banking and finance, as well as progress made on financial integration in the euro area, in the second issue of its annual publication, *Financial integration in Europe*. This contains a set of financial integration indicators published biannually on the ECB website. Secondly, it developed further the framework for cooperation between central banks and other supervisory authorities. In the field of crisis management and resolution, the ECB actively contributed to the reflections at EU level on enhancing the existing financial crisis arrangements with a cross-border dimension, inter alia by being itself a party to the memorandum of understanding on cooperation between the financial supervisory authorities, the central banks and finance ministries of the European Union on cross-border financial stability, which entered into force on 1 June. It also released the proceedings of a conference it had organised in 2007 on stress testing and financial crisis simulation exercises. The ECB also contributed to the further development of the framework for financial regulation, notably by commenting on the occasion of the Commission's public consultation on the draft Community legislation on credit rating agencies. The ECB delivered fully on the actions requested from it by the Council (Economic and Financial Affairs) in the three roadmaps on responses to the financial turmoil, improving the supervisory arrangements in the financial system, and the development of the EU arrangements for financial stability and crisis management. As regards its contribution to the responses to the financial turmoil, the ECB produced two reports, one on EU banks' liquidity stress testing and contingency funding plans and another on the incentive structure of the 'originate and distribute' model. The former showed that there was substantial room for improvement in both liquidity stress tests and contingency funding plans, while the latter presented actions that could mitigate the conflict of interests identified in the model that is considered one of the triggering factors of the current financial turmoil.



In the statistical field, the ECB, assisted by the national central banks, continued to develop, collect, compile and disseminate a broad range of statistics which provide the basis for the monetary policy of the euro area, various other tasks of the European system of central banks (ESCB) and, to an increasing extent, other EU tasks. Statistics were enhanced in several areas in 2008, notably the harmonised competitiveness indicators of the euro-area countries, and short-term European paper and sectoral distribution of holdings of M3 instruments statistics. In April the ECB published on its website the ECB statistics quality framework and the quality assurance procedures within the ECB statistical function, which set out the main quality principles and elements guiding the production of statistics. The Governing Council also adopted an enhanced legal framework that will improve the availability of statistics on inter alia monetary matters, interest rates, loan sales and loans securitisation, and approved the conducting of a Eurosystem survey on euro-area household finance and consumption.

Following the successful introduction of euro banknotes in 2002, the ECB continued its work on planning the second series, to be issued gradually in a few years' time, and continued to monitor carefully the counterfeiting of the euro. Throughout 2008, this remained at the low levels observed since the introduction of the first series of euro banknotes.

The ECB was actively involved in the work of a number of European and international institutions and forums. The President of the Eurogroup and a Member of the European Commission participated in meetings of the Governing Council. The President and the Vice-President of the ECB also participated in meetings of the Eurogroup, which continued to serve as an important forum for an open and informal policy dialogue between the ECB, the finance ministers of the euro-area countries and the Commission. As part of the ceremonies to celebrate the 10th anniversary of the ECB, one Eurogroup meeting took place at the ECB premises in Frankfurt. The ECB cooperated closely with the EU institutions for the national implementation measures taken in the context of the common framework for public intervention to support the banking sector approved by the euro-area Heads of State on 12 October. In particular, the ECB contributed to the specification of the conditions under which governments could grant guarantees over banks' debt and provide banks with recapitalisation means. It also contributed to the work of the De Larosière high-level group on cross-border banking supervision. At international level, for example in the contexts of the OECD, IMF, Financial Stability Forum, G7, G10 Governors and G20, the ECB played an active part in the reflections on the future of the international financial architecture. In addition, it further strengthened its bilateral and multilateral policy dialogue with important central banks in mature and emerging market economies and the main economies in the EU's neighbouring regions; it also developed cooperation programmes with the central banks of Egypt, Russia and Serbia.

In 2008 the ECB delivered 92 opinions on legislative proposals by the Community and the Member States in its fields of competence. This is the most in one year to date and more than double the yearly average since 1998 (42 opinions per year). This is partly the

result of the number of consultations related to the setting-up of national stabilisation measures to protect the stability of national financial systems.

The year marked the 10th anniversary of the establishment of the ECB. An overview of the institution's first 10 years and the challenges ahead was provided in a special edition of the ECB monthly bulletin published in June.

## **European Investment Bank**

The mission of the EIB Group is to help achieve the European Union's general policy objectives by financing viable investments.

The strategic guidelines approved by the Board of Governors in 2005, designed to take greater but calculated risks in order to provide more value added in support of Union policies, have led the Bank to make important changes both to the financial products it offers and to its organisational structure.

Successive corporate operational plans (COPs) have moulded the objectives to take account of this new policy. The COP approved for the period 2009–11 sets out increased lending targets and other practical measures to mitigate the current financial and economic crisis. To meet these increased lending targets, a proposal that the Bank bring forward the capital increase previously envisaged for 2010 has been submitted to the Board of Governors. The EIB's subscribed capital will be increased by some EUR 67 billion to EUR 232 billion.

Six strategic priorities have been drawn up for the Member States: economic and social cohesion and convergence, implementation of the knowledge-based economy which follows on from support for innovation, development of the trans-European networks, protection and improvement of the environment and promotion of sustainable communities, support for small and medium-sized enterprises, and promotion of sustainable, competitive and secure energy.

The Bank is also active in the European Union's partner countries in accordance with the lending mandates renewed by the Council in December 2006.

In 2008 the Bank granted loans totalling EUR 57.6 billion. In the Member States, operations came to EUR 5.15 billion. The financial assistance granted in the 12 new Member States amounts to EUR 8.2 billion, or 16 % of total activity in the European Union.

In the Union's partner countries, operations came to EUR 6.1 billion:

- EUR 3.5 billion in the pre-accession countries <sup>(1)</sup>;
- EUR 170 million in the Union's eastern neighbouring countries <sup>(2)</sup>;
- EUR 1.3 billion under the facility for Euro-Mediterranean investment and partnership;
- EUR 561 million in the ACP countries and South Africa;
- EUR 469 million in Asia and Latin America.

To finance its lending operations, the Bank raised almost EUR 60 billion on the international capital markets by issuing 247 bonds in 22 currencies.

The EIB's 2008 annual report will be published on its website after the meeting of the Board of Governors in June 2009.

## Agencies

### *Regulatory agencies*

On 11 March the Commission adopted a communication 'European agencies — The way forward' <sup>(3)</sup> concerning the place of the regulatory agencies in the governance of the European Union and proposing that an interinstitutional working group be established with the objective of arriving at a common approach between the institutions on the regulatory agencies.

### *European Institute of Innovation and Technology* <sup>(4)</sup>

Set up by Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology, this new Community body's objective is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Community. It is to be based in Budapest.

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<sup>(1)</sup> Candidate countries (Croatia, former Yugoslav Republic of Macedonia and Turkey) and potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo — the latter as defined in United Nations Security Council Resolution 1244).

<sup>(2)</sup> Eastern Europe (Belarus, Moldova, Ukraine), South Caucasus (Armenia, Azerbaijan, Georgia) and Russia.

<sup>(3)</sup> COM(2008) 135 (OJ C 202, 8.8.2008).

<sup>(4)</sup> See 'European Institute of Innovation and Technology' in Chapter II, Section 2, 'Education and training', of this Report.

### ***Executive agencies***

In 2008 the lifetime of the Executive Agency for Health and Consumers was prolonged until 31 December 2015, and its tasks expanded to include consumer protection and training for safer food.

From 2008 the Executive Agency for Competitiveness and Innovation started to manage the European Commission's SME support network and eco-innovation initiatives (which form part of the new framework programme for competitiveness and innovation 2007–13) and the Marco Polo programme.

The mandate of the Trans-European Transport Network Executive Agency was extended to cover the TEN-transport programmes for 2007–13.

Finally, the mandate of the Education, Audiovisual and Culture Executive Agency was extended to cover the MEDIA II and Tempus programmes and the ICI projects (cooperation projects in the fields of education and youth with industrialised and other high-income countries and territories).

## **Legislative activity**

### ***Co-decision***

In 2008 the Commission presented 117 proposals for adoption by the co-decision procedure. The European Parliament and the Council for their part signed — or reached a consensus on them prior to signing — 144 legislative acts, for most of which the procedure was in progress before 1 January.

A large number of proposals (116) were approved at first reading, including the 23 comitology proposals (see below). Although the list of proposals concluded without the need for a second reading mainly includes technical proposals and consolidated texts, it also includes a number of subjects of wide public interest such as the research and development programme aimed at enhancing the quality of life of older people through the use of new information and communication technologies, the European Year for Combating Poverty and Social Exclusion (2010), road infrastructure safety management, the use of the visa information system as part of the Schengen Borders Code, the implementation of the European satellite radionavigation programmes (Galileo and Egnos), the action programme for the enhancement of quality in higher education and the promotion of intercultural understanding through cooperation with third countries (Erasmus Mundus), the establishment of a facility for rapid response to soaring food prices in developing countries (the so-called 'food facility') and toy safety.

At the end of the year, the institutions also reached agreement at first reading on the four elements of the ambitious climate change/energy package and the two related dossiers (CO<sub>2</sub> emissions from light-duty vehicles and the quality of fuel).

Interinstitutional cooperation was again boosted this year with the conclusion at first reading of negotiations on 23 basic instruments which had to be brought into line as a matter of urgency with the decision of 17 July 2006 (laying down the procedures for the exercise of implementing powers conferred on the Commission) in order to incorporate the new regulatory procedure with scrutiny. Four of these 23 instruments were 'omnibus' proposals, which bring together and amend several dozen instruments at the same time, with the aim of managing alignment in a rational and coherent way and facilitating a quicker and more effective examination by the legislature.

Around 21 legislative proposals were adopted at second reading. This testifies once again to the political will of the two branches of the legislature to reach agreement on important and sensitive dossiers without going through the conciliation procedure. A number of dossiers were concluded, relating inter alia to consumer credit agreements, the internal market for postal services, waste, environmental quality standards in the field of water policy, and temporary work.

The conciliation procedure was used in the case of seven proposals: one establishing common rules in the field of civil aviation security, agreed on 11 January, and six forming part of the maritime package, agreed in December following more than three years' negotiations. These six proposals will be voted on at third reading in March 2009, in parallel with the two other proposals in the package which form part of the compromise and are awaiting a vote at second reading (without amendment).

### **'Comitology'**

On the basis of four 'omnibus' proposals tabled by the Commission in late 2007 and early 2008, the European Parliament and the Council managed to complete, within a reasonable time, the process of general adaptation to the new regulatory procedure with scrutiny introduced in July 2006. Two regulations were adopted and published in 2008 <sup>(1)</sup>; the other two were the subject of an agreement in principle and will be formally adopted at the beginning of 2009. Altogether, almost 250 basic acts will have been adapted in this way to the new procedure.

The Commission also concluded a new bilateral agreement <sup>(2)</sup> with Parliament on the implementing of comitology procedures (agreement signed on 3 June). This agreement replaces the one concluded in 2000. It modernises the existing procedures and takes account of the changes made by the new regulatory procedure with scrutiny.

<sup>(1)</sup> Regulations (EC) Nos 1103/2008 (OJ L 304, 14.11.2008) and 1137/2008 (OJ L 311, 21.11.2008).

<sup>(2)</sup> OJ C 143, 10.6.2008.

Since 1 April a new register has been in place for the deposit and transfer of all the documents forwarded to Parliament under the comitology procedures. This modern tool is playing a significant role in improving procedural efficiency and transparency.

The annual report on the working of comitology committees for 2007 <sup>(1)</sup> was adopted by the Commission on 15 December.

### ***Statistical data***

The legislative acts adopted, repealed or expiring in 2008 can be found by conducting a search in the updated EUR-Lex database.

## **European Data Protection Supervisor**

The European Data Protection Supervisor is an independent supervisory authority charged with protecting personal data and privacy and promoting good practice in the EU institutions and bodies. To this end, on 14 May the European Data Protection Supervisor published a general report on the EU institutions' compliance with the regulation on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data <sup>(2)</sup>. He also issued a number of commentaries and opinions on topics such as the amendment of the 'ePrivacy' directive (10 April) and the final report by the EU–US high-level contact group on information sharing and privacy and personal data protection (11 November).

The EDPS annual report for 2007 was published on 15 May.

### ***General references and other useful links***

- European Parliament:  
[http://www.europarl.europa.eu/news/public/default\\_en.htm](http://www.europarl.europa.eu/news/public/default_en.htm)
- European Ombudsman:  
<http://www.ombudsman.europa.eu/home.faces>
- Council of the European Union:  
[http://www.consilium.europa.eu/cms3\\_fo/showPage.asp?lang=EN](http://www.consilium.europa.eu/cms3_fo/showPage.asp?lang=EN)
- European Council:  
[http://www.consilium.europa.eu/cms3\\_fo/showPage.asp?id=429&lang=EN&mode=g](http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=429&lang=EN&mode=g)
- European Commission:  
[http://ec.europa.eu/index\\_en.htm](http://ec.europa.eu/index_en.htm)
- Site of the Members of the Commission:  
[http://ec.europa.eu/commission\\_barroso/index\\_en.htm](http://ec.europa.eu/commission_barroso/index_en.htm)

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<sup>(1)</sup> COM(2008) 844.

<sup>(2)</sup> Regulation (EC) No 45/2001 (OJ L 8, 12.1.2001).

- Annual policy strategy:  
[http://ec.europa.eu/atwork/programmes/index\\_en.htm](http://ec.europa.eu/atwork/programmes/index_en.htm)
- Court of Justice, Court of First Instance and European Civil Service Tribunal:  
<http://curia.europa.eu/en/transitpage.htm>
- Case-law of the Court of Justice and the Court of First Instance:  
[http://ec.europa.eu/dgs/legal\\_service/arrets/index\\_en.htm](http://ec.europa.eu/dgs/legal_service/arrets/index_en.htm)
- Court of Auditors:  
[http://eca.europa.eu/portal/page/portal/eca\\_main\\_pages/home/](http://eca.europa.eu/portal/page/portal/eca_main_pages/home/)
- European Economic and Social Committee:  
[http://eesc.europa.eu/index\\_en.asp](http://eesc.europa.eu/index_en.asp)
- Committee of the Regions:  
<http://cor.europa.eu/>
- European Central Bank:  
<http://www.ecb.eu/home/html/index.en.html>
- European Investment Bank:  
<http://www.eib.org/?lang=en>
- Agencies:  
[http://europa.eu/agencies/community\\_agencies/index\\_en.htm](http://europa.eu/agencies/community_agencies/index_en.htm)
- Co-decision site:  
[http://ec.europa.eu/codecision/index\\_en.htm](http://ec.europa.eu/codecision/index_en.htm)
- Register of comitology:  
<http://ec.europa.eu/transparency/regcomitology/registre.cfm?CL=en>
- EUR-Lex database:  
<http://www.eur-lex.europa.eu/en/index.htm>
- European Data Protection Supervisor:  
<http://www.edps.europa.eu/EDPSWEB/edps/pid/1?lang=en>

# Budget and financial activities

## Implementation of the 2008 budget

The 2008 budget was adopted by the European Parliament on 13 December 2007.

Ten amending budgets were adopted in the course of the year. A breakdown of the appropriations, taking account of the amending budgets, is included in the annexes (colour pages) to this Report.

The commitment appropriations amounted to EUR 128.3 billion (99.4 %) and the payment appropriations to EUR 110.4 billion (97.2 %), corresponding to 1.02 % and 0.88 % of the gross national income of the 27 Member States.

## Preparation of the 2009 budget

The preparation of the budget for the 2009 financial year took the form of:

- a preliminary draft approved by the Commission on 6 May <sup>(1)</sup>;
- a draft established by the Council on 17 July;
- a first reading by the European Parliament from 20 to 23 October;
- a second reading by the Council on 21 November.

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<sup>(1)</sup> SEC(2008) 514.



## Budget review

The wide-ranging public consultation conducted following the Commission communication on the 2008/09 <sup>(1)</sup> budget review closed on 15 June. Almost 300 contributions were received from all sectors of society (public sector/government, private sector, NGOs, citizens, universities/scientific and other sectors). This consultation, together with the conference on 'Reforming the budget, changing Europe', will produce important proposals for the preparation of the budget review.

## Financial transparency system

On 8 July, in the context of the European transparency initiative <sup>(2)</sup>, the Commission adopted a communication on the publication of information on beneficiaries of EU funding under Commission centralised management from 2007 onwards <sup>(3)</sup>.

## Audit and internal control

On 24 July the Commission adopted its annual report to the discharge authority on internal audits carried out in 2007 <sup>(4)</sup>.

### **General references and other useful links**

- Review of the budget:  
[http://ec.europa.eu/budget/reform/index\\_en.htm](http://ec.europa.eu/budget/reform/index_en.htm)
- Financial transparency system:  
[http://ec.europa.eu/beneficiaries/fts/index\\_en.htm](http://ec.europa.eu/beneficiaries/fts/index_en.htm)

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<sup>(1)</sup> SEC(2007) 1188.

<sup>(2)</sup> See 'Transparency in financial matters' in Chapter I, Section 1, 'Transparency', of this Report.

<sup>(3)</sup> SEC(2008) 2242.

<sup>(4)</sup> COM(2008) 499.

# Institutions and other bodies

## **European Parliament**

Secretariat  
Centre européen, plateau du Kirchberg — BP 1601  
2929 Luxembourg  
LUXEMBOURG  
Tel. +352 4300-1

## **Council of the European Union**

General Secretariat  
Rue de la Loi 175  
1048 Brussels  
BELGIUM  
Tel. +32 22856111

## **European Commission**

Rue de la Loi 200  
1049 Brussels  
BELGIUM  
Tel. +32 22991111

## **Court of Justice, Court of First Instance and Civil Service Tribunal**

Boulevard Konrad Adenauer  
2925 Luxembourg  
LUXEMBOURG  
Tel. +352 4303-1

**European Court of Auditors**

12, rue Alcide De Gasperi  
1615 Luxembourg  
LUXEMBOURG  
Tel. +352 4398-1

**European Economic and Social Committee**

Rue Belliard 99  
1040 Brussels  
BELGIUM  
Tel. +32 25469011

**Committee of the Regions**

Rue Belliard 101  
1040 Brussels  
BELGIUM  
Tel. +32 22822211

**European Investment Bank**

100, boulevard Konrad Adenauer  
2950 Luxembourg  
LUXEMBOURG  
Tel. +352 4379-1

**European Central Bank**

Kaiserstraße 29  
60311 Frankfurt am Main  
GERMANY  
Tel. +49 691344-0

**European Ombudsman**

1, avenue du Président-Robert-Schuman  
BP 403 FR  
67001 Strasbourg Cedex  
FRANCE  
Tel. +33 388172313

**European Data Protection Supervisor**

Rue Wiertz 60  
1047 Brussels  
BELGIUM  
Tel. +32 22831900

# Decentralised bodies of the European Union

<http://publications.europa.eu/code/en/en-390500.htm>

## **Decentralised Community agencies (first pillar)**

Community Fisheries Control Agency (CFCA)

European Union Agency for Fundamental Rights (FRA)

European Network and Information Security Agency (ENISA)

European Aviation Safety Agency (EASA)

European Medicines Agency (EMA)

European Chemicals Agency (ECHA)

European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

European Agency for Reconstruction (EAR)

European Agency for Safety and Health at Work (EU-OSHA)

European Maritime Safety Agency (EMSA)

European Environment Agency (EEA)

European Railway Agency (ERA)

European GNSS Supervisory Authority (GSA)

European Food Safety Authority (EFSA)

Translation Centre for the Bodies of the European Union (CdT)

European Centre for Disease Prevention and Control (ECDC)

European Centre for the Development of Vocational Training (Cedefop)

European Joint Undertaking for ITER and the Development of Fusion Energy  
European Training Foundation (ETF)  
European Foundation for the Improvement of Living and Working Conditions (Eurofound)  
European Institute of Innovation and Technology (EIT)  
European Institute for Gender Equality  
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)  
Community Plant Variety Office (CPVO)  
Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)

### **Proposed Community agencies (first pillar)**

European Agency for the Cooperation of Energy Regulators  
European Electronic Communications Market Authority <sup>(1)</sup>

### **European Union agencies (second and third pillars)**

European Defence Agency (EDA)  
European Union Satellite Centre (EUSC)  
European Police College (CEPOL)  
Eurojust (the European Union's Judicial Cooperation Unit)  
European Union Institute for Security Studies (EUISS)  
European Police Office (Europol)

### **Executive agencies**

European Research Council Executive Agency  
Trans-European Transport Network Executive Agency  
Education, Audiovisual and Culture Executive Agency  
Executive Agency for Competitiveness and Innovation

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<sup>(1)</sup> This new Authority should also take over the tasks of the European Network and Information Security Agency.

Research Executive Agency

Executive Agency for Health and Consumers

**Joint undertakings**

Artemis Joint Undertaking (embedded computing systems)

Clean Sky Joint Undertaking (air transport)

ENIAC Joint Undertaking (nanoelectronics)

FCH Joint Undertaking (fuel cells and hydrogen)

IMI Joint Undertaking (innovative medicines)

SESAR Joint Undertaking (air traffic management)

# The European Union in 2008



Member States of the European Union  
 Candidate countries

Source: Communication DG



## Summary of appropriations for commitments (by policy area)

Title	Budget 2007 <sup>(1)</sup>		Budget 2008 <sup>(1)</sup>	
	Commitments EUR	Human resources <sup>(2)</sup>	Commitments EUR	Human resources <sup>(2)</sup> <sup>(3)</sup>
01 Economic and financial affairs	494 943 213	559	398 480 318	582
02 Enterprise	510 034 683	1 089	596 514 873	1 046
03 Competition	71 733 008	751	92 657 544	815
04 Employment and social affairs	11 439 308 752	824	11 482 642 335	849
05 Agriculture and rural development	54 509 708 026	1 111	54 072 745 793	1 122
06 Energy and transport	1 808 895 383	1 097	2 806 851 135	1 154
07 Environment	353 459 123	648	402 144 966	699
08 Research	3 564 666 233	2 099	4 050 701 647	2 101
09 Information society and media	1 434 653 126	1 202	1 492 520 976	1 184
10 Direct research	348 472 000	2 694	361 422 000	2 691
11 Fisheries and maritime affairs	955 157 781	349	1 014 377 693	371
12 Internal market	56 356 692	532	61 151 925	564
13 Regional policy	34 834 862 423	701	36 647 373 631	743
14 Taxation and customs union	110 028 293	513	124 402 981	541
15 Education and culture	1 222 658 358	598	1 330 591 776	604
16 Communication	201 020 070	1 001	206 475 322	1 022
17 Health and consumer protection	544 689 734	806	683 146 306	871
18 Area of freedom, security and justice	671 490 292	505	787 190 253	571
19 External relations	3 574 746 889	2 563	3 973 459 213	3 755
20 Trade	71 517 573	560	78 057 563	600
21 Development and relations with the ACP States	1 243 646 218	2 032	1 316 632 470	2 279
22 Enlargement	1 064 558 244	540	1 093 223 712	910
23 Humanitarian aid	749 664 171	219	770 144 179	259
24 Fight against fraud	72 517 000	416	74 378 000	424
25 Commission's policy coordination and legal advice	168 735 840	1 475	177 133 064	1 517
26 Commission's administration	987 459 461	3 406	965 227 079	3 463
27 Budget	519 495 894	578	273 768 624	634
28 Audit	9 186 797	103	10 262 284	109
29 Statistics	121 365 032	808	126 373 375	812
30 Pensions	997 490 000		1 080 502 000	
31 Language services	358 927 149	3 764	366 345 211	3 804
40 Reserves	734 527 000		979 218 000	
<b>Total Commission</b>	<b>123 805 974 458</b>	<b>33 543</b>	<b>127 896 116 248</b>	<b>36 096</b>
<b>Other institutions (excluding pensions)</b>	<b>2 577 189 876</b>		<b>2 673 523 137</b>	
<b>Total</b>	<b>126 383 164 334</b>		<b>130 569 639 385</b>	

Source: Budget DG

<sup>(1)</sup> Including amending budgets.<sup>(2)</sup> Covers both regular and support staff.<sup>(3)</sup> 2008 preliminary draft budget.

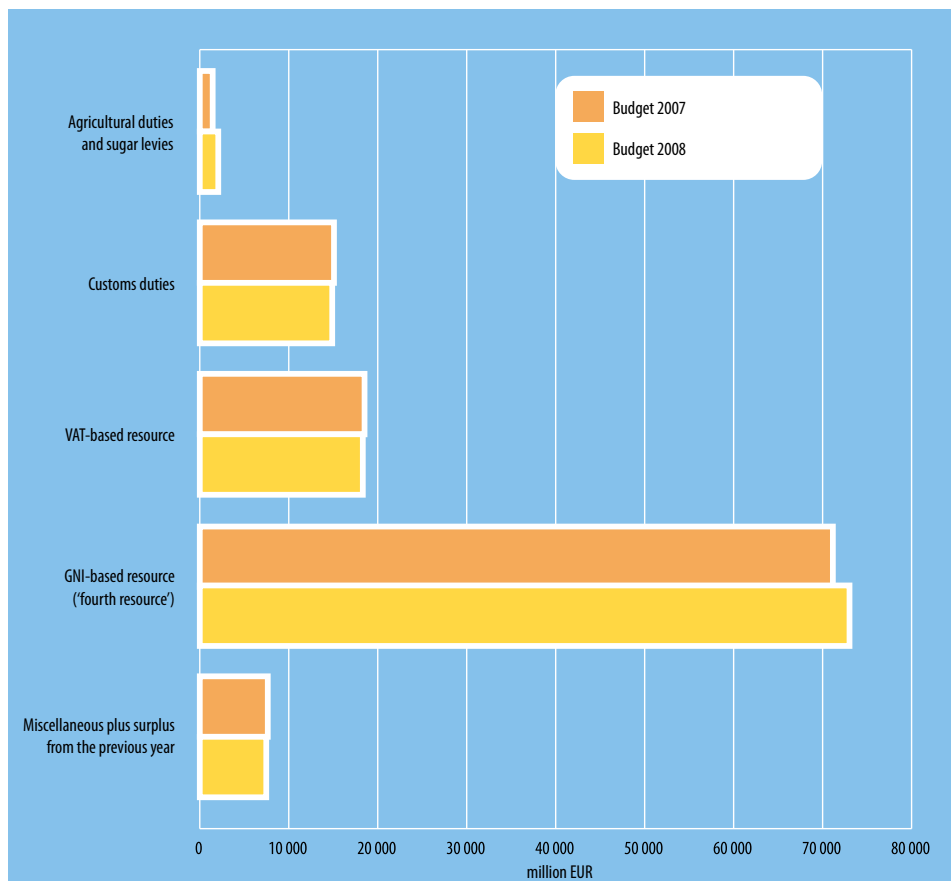
## Figures by financial perspective headings, in commitment appropriations (aggregate)

Appropriations for commitments	Budget 2007 <sup>(1)</sup>	Financial framework 2008	Budget 2008 <sup>(1)</sup>
	EUR	EUR	EUR
<b>1. SUSTAINABLE GROWTH</b>	<b>54 854 332 015</b>	<b>57 275 000 000</b>	<b>58 337 948 720</b>
<i>Margin</i>			
Competitiveness for growth and employment	9 367 547 511	10 386 000 000	11 082 000 000
Cohesion for growth and employment	45 486 784 504	46 889 000 000	47 255 948 720
<b>2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES</b>	<b>55 850 230 036</b>	<b>58 800 000 000</b>	<b>55 559 715 538</b>
<i>Margin</i>			
of which: market-related expenditure and direct payments	42 311 661 000	46 217 000 000	41 006 490 000
<b>3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE</b>	<b>1 442 632 099</b>	<b>1 362 000 000</b>	<b>1 634 913 642</b>
<i>Margin</i>			
— Freedom, security and justice	623 833 000	747 000 000	731 774 000
<i>Margin</i>			
— Citizenship	818 799 099	615 000 000	903 139 642
<i>Margin</i>			
<b>4. THE EUROPEAN UNION AS A GLOBAL PARTNER</b>	<b>6 812 460 000</b>	<b>7 002 000 000</b>	<b>7 551 218 000</b>
<i>Margin</i>			
<b>5. ADMINISTRATION</b>	<b>6 978 864 032</b>	<b>7 380 000 000</b>	<b>7 279 207 193</b>
<i>Margin</i>			
<b>6. COMPENSATION</b>	<b>444 646 152</b>	<b>207 000 000</b>	<b>206 636 292</b>
<i>Margin</i>			
<b>Appropriations for commitments — Total</b>	<b>126 383 164 334</b>	<b>132 026 000 000</b>	<b>130 569 639 385</b>
<i>Margin</i>			
Compulsory expenditure	44 234 401 352		42 509 175 666
Non-compulsory expenditure	82 148 762 982		88 060 463 719
<b>Appropriations for payments — Total</b>	<b>113 845 815 415</b>	<b>129 681 000 000</b>	<b>115 771 282 245</b>
<i>Margin</i>			
Compulsory expenditure	44 124 503 852		42 430 668 666
Non-compulsory expenditure	69 721 311 563		73 340 613 579
<b>Appropriations for payments as percentage of GNI</b>	<b>0.95 %</b>	<b>1.03 %</b>	<b>0.92 %</b>

Source: Budget DG

<sup>(1)</sup> Including amending budgets.

## Breakdown by type of revenue



Type of revenue	Budget 2007		Budget 2008	
	million EUR	%	million EUR	%
Agricultural and sugar levies	1 449.10	1.3	1 990.60	1.7
Customs duties	15 083.80	13.2	14 945.70	12.9
VAT-based resource	18 517.23	16.3	18 096.76	15.6
GNI-based resource ('fourth resource')	71 153.08	62.5	73 290.31	63.3
Miscellaneous plus surplus from the previous year	7 642.61	6.7	7 447.91	6.4
<b>Total</b>	<b>113 845.82</b>	<b>100.0</b>	<b>115 771.28</b>	<b>100.0</b>

European Commission

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