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COVER NOTE

from : General Secretariat of the Council
to : Delegations
Subject : **EUROPEAN COUNCIL
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CONCLUSIONS

Delegations will find attached the revised version of the conclusions of the European Council (16 September 2010).

The European Council discussed how to give new momentum to the Union's external relations, taking full advantage of the opportunities provided by the Lisbon Treaty. It agreed on the need for Europe to promote its interests and values more assertively and in a spirit of reciprocity and mutual benefit. As a first step, it set general orientations with a view to a number of important events over the coming weeks and months. It also decided on a number of concrete measures to more generally enhance the effectiveness of the Union's external policy. The European Council took stock of progress achieved in the Task Force on economic governance.

I. RELATIONS WITH STRATEGIC PARTNERS

A changing world: a challenge for the EU

1. Europe is facing many challenges in a rapidly changing world, which all require a concerted international response. The recent economic and financial crisis has dramatically shown the extent to which the well-being, security and quality of life of Europeans depend on external developments. The emergence of new players with their own world views and interests is also an important new feature in the international environment.
2. The European Union must be an effective global actor, ready to share in the responsibility for global security and to take the lead in the definition of joint responses to common challenges. A strong economy and internal cohesion will strengthen the Union's ability to project its influence in the world. The Union can draw on its firmly-rooted belief in effective multilateralism, especially the role of the UN, universal values, an open world economy and on its unique range of instruments. It remains the largest donor to countries in need, it is the first trading power in the world, and it has developed a common security and defence policy supported by crisis management tools which should be further reinforced. It also plays a major stabilizing role in its neighbourhood. The Union has secured stability in the Western Balkans particularly through the European perspective given to that region; the European Council will return to this at a subsequent meeting.

3. In accordance with the Lisbon Treaty, and in line with the European Security Strategy, the European Union and its Member States will act more strategically so as to bring Europe's true weight to bear internationally. This requires a clear identification of its strategic interests and objectives at a given moment and focused reflection on the means to pursue them more assertively. The European Council calls for improved synergies between the European Union and national levels, consistent with the provisions of the Treaties, for enhanced coordination between institutional actors, for better integration of all relevant instruments and policies, and for summit meetings with third countries to be used more effectively, as set out in more detail in Annex I.

4. The European Union's strategic partnerships with key players in the world provide a useful instrument for pursuing European objectives and interests. This will only work if these partnerships are two-way streets based on mutual interests and benefits and on the recognition that all actors have rights as well as duties. The full participation of emerging economies in the international system should allow its benefits to be spread in a balanced manner and its responsibilities to be shared evenly. In this context, enhancing trade with strategic partners constitutes a crucial objective, contributing to economic recovery and job creation. We must take concrete steps to secure ambitious Free Trade Agreements, secure greater market access for European businesses and deepen regulatory cooperation with major trade partners.

Orientations for upcoming events

5. The European Union will hold a number of important international meetings in the coming weeks. The European Council lays out initial orientations today with a view to these meetings. It will in future regularly discuss external relations in order to set strategic orientations in advance of key events, in particular with a view to defining key messages on our objectives and on the means to achieve them. This requires clear strategic guidance by the European Council on the basis of effective preparation by the High Representative and by the Council.

6. October will see summits with China and the Republic of Korea and the Asia-Europe Meeting (ASEM), followed later in the year by a summit with India. They are a good opportunity to engage with key partners in a very dynamic part of the world. Issues such as our respective roles in achieving a sustainable recovery from the economic crisis and in seeking global solutions to universal challenges will be on the agenda. Concrete steps should be taken in priority areas of cooperation between Europe and Asia, such as cooperation on climate change, including on the promotion of effective and verifiable reductions in emissions, as well as on renewables and energy efficiency; pressing security issues, such as proliferation, terrorism, cybersecurity and piracy; cooperation on regional issues such as Iran and North Korea as well as on global issues such as migration, energy and access to raw materials; working together on development policies and the promotion of good governance, labour standards and human rights and developing people-to-people relations.

In view of the EU/China summit in particular, the European Union should actively pursue its strategic interests, including as regards the promotion of bilateral trade, market access for goods and services and investment conditions; the protection of intellectual property rights and the opening up of public procurement markets; stronger discipline in the field of export subsidies; and the dialogue on exchange rate policies.

7. Over the coming months there will be a number of other important external relations issues which will have to be addressed by the European Council.

- a. The G20 Summit in Seoul will allow a review of the global economic recovery and the commitments made by G20 members. In particular, it will allow the Union to stress the importance of maintaining strong momentum in the area of financial reform; in this respect, the recent agreement between the European Parliament and the Council on the financial supervision package and the completion of the reform of the regulatory framework by the end of 2011 strengthen the EU's hand. It should also serve to send a clear signal on the need to conclude the WTO DDA negotiations and implement the Framework for Strong, Sustainable and Balanced Growth. The European Council will discuss the detailed preparation of Seoul at its October 2010 meeting and determine the Union's position. The G8 and the G20 will remain important fora for the definition of global responses to many of the challenges facing us, to which the EU must actively contribute through coordinated positions. The European Council therefore welcomes the ambition of the incoming French chairmanship in 2011 to fully use the G20 and G8 to that end.

- b. The transatlantic relationship is based on common values and constitutes a core element of the international system. The present circumstances call for fresh impetus to be given to this relationship and for renewed reflection on ways of creating a true partnership based on our respective strengths and specificities. The November 2010 summit with President Obama will constitute a real opportunity in this respect and will require careful preparation. The October 2010 European Council will agree on the key political messages the European Union representatives will bring to this major summit. Based on a good understanding of our mutual interests and respective contributions, the transatlantic partnership should concentrate on maximising the potential benefits of our economic relationship, on working more closely on major international issues and on confronting global economic and security challenges together in a concerted manner. In this connection, the High Representative is invited to develop ideas on how EU/NATO cooperation in crisis management, in accordance with the United Nations Charter and with the relevant United Nations Security Council resolutions, could be further strengthened. This should be done in a spirit of mutual reinforcement and with due respect for their decision-making autonomy, further to the recommendations on concrete measures transmitted by the EU to NATO in February 2010.

- c. The European Council will take stock of preparations for the Cancun conference on climate change at its October meeting and agree on the EU position. Cancun should be a stepping stone in the international climate negotiations, agreeing on concrete deliverables for all participants to create momentum and stay on track for an ambitious final agreement.

- d. The upcoming reflection on the implementation of the European Neighbourhood Policy will provide an opportunity to deepen relations with the Union's eastern neighbours through the Eastern Partnership as well as with its southern neighbours. The smooth implementation of projects launched within the Eastern Partnership constitutes an outreach of EU values and promotes the legal, economic and social approximation of the countries concerned to the EU. The second summit of the Union for the Mediterranean will provide a timely opportunity to strengthen Euro-Mediterranean cooperation and support the resumption of direct negotiations between the parties in the Middle East Peace Process.

- e. EU/Africa relations have taken on a new dynamic in recent years. The EU/South Africa Summit on 28 September 2010 and the EU/Africa Summit on 29/30 November 2010 should serve to further deepen relations. The EU, in partnership with African countries, will continue to pursue the objectives of economic development, good governance, transparency and accountability in the context of the joint EU/Africa Strategy.

- f. The 20-22 September UN High Level Plenary Meeting on the Millennium Development Goals will be held in New York. The European Union is firmly committed to supporting the achievement of the MDG globally by 2015, together with partners in the international community.

- g. The upcoming summits with Ukraine in November and Russia in December should be used to deepen cooperation on areas of mutual benefit, so as to bring more stability and predictability to those two important relationships, as well as to promote human rights.

In particular, the summit with Ukraine should bring progress to the negotiations on the Association Agreement, including the deep and comprehensive Free Trade Agreement, and highlight the role of the EU in the economic and democratic reforms of this important neighbour.

The summit with Russia will provide an opportunity to enhance cooperation with Russia and to discuss in particular its modernization agenda. Cooperation should be enhanced on economic issues such as energy, investment and innovation, on security issues, including frozen conflicts, the combat against terrorism and organized crime, and on environmental issues, including climate change.

The October European Council will come back to the key messages of the European Union in these summits so as to ensure a fruitful outcome.

- h. Building on the successful summit held this year with its Latin American and Caribbean partners, the EU is committed to continuing to work closely together with the countries of the region in response to the global challenges facing us.

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8. Pakistan's development and stability is of strategic importance to the European Union. In light of the devastating floods, the European Union and its Member States have responded with an increase in bilateral and multilateral humanitarian aid. The European Council adopted a declaration on Pakistan (Annex II).
9. The European Union will remain actively engaged and involved, including through the Quartet, to support and ensure the success of the negotiations between Israel and the Palestinian Authority. The European Council adopted a declaration on the Middle East Peace Process (Annex III).

II. TASK FORCE ON ECONOMIC GOVERNANCE

10. On the basis of an interim report of the President of the Task Force on economic governance, the European Council welcomes the important progress made, notably on the European semester, on the development of a new macro-surveillance framework to monitor and correct unsustainable competitiveness divergences and imbalances in a timely manner and on the strengthening of national fiscal frameworks.
11. The European Council underlines the need to maintain momentum on the reform of European economic governance, and looks forward to receiving for its October 2010 meeting the final report of the Task Force, encompassing all aspects of the mandate given by the European Council of March 2010 and presenting a comprehensive package of measures which will guide legislative work.

INTERNAL ARRANGEMENTS

TO IMPROVE THE EUROPEAN UNION'S EXTERNAL POLICY

- a) Looking at concrete measures to more generally improve the functioning of the European Union's external policy, the European Council calls for a more integrated approach, ensuring that all relevant EU and national instruments and policies are fully and coherently mobilised, consistent with the provisions of the Treaties, in support of the European Union's strategic interests. The importance of issues like climate change, energy policy, trade, development or Justice and Home Affairs issues, including migration and visa policy in dealings with partners and at a multilateral level must be fully taken into account in preparations for summits and international events. In this regard the European Union should further enhance the coherence and complementarity between its internal and external policies. The practice of holding orientation debates well before summits should be further developed, with a particular emphasis on setting priorities and concrete tasking.
- b) Synergies need to be developed between the European Union's external relations and Member States bilateral relations with third countries, so that, where appropriate, what is done at the level of the European Union complements and reinforces what is done at the level of the Member States and vice versa. There should be more active and regular sharing of information and consultation on developments at the respective levels, on the basis of a running calendar of EU and Member States' summits with major strategic partners.
- c) Close and regular coordination between all the different institutional actors involved in the definition and implementation of the European Union's external relations is necessary to ensure that EU representatives can defend coherent positions on the whole range of the strategic interests and objectives of the Union.

- d) Much progress has been achieved in the preparation, at the level of the European Union, for multilateral summits, notably through the practical arrangements reached between the President of the European Council and the President of the Commission on the EU representation in the G8 and G20 structures. It invites them to continue to work towards improving the way in which the European Union projects its views in such fora.

- e) The European Union needs a clear picture of the particular issues arising from relations with the individual partner States. It needs to develop medium-term planning that sets out objectives to be reached over time, with each summit concentrating on two or three core issues. The European Council therefore asks the High Representative, in coordination with the Commission and with the Foreign Affairs Council, to evaluate the prospects of relations with all strategic partners, and set out in particular our interests and possible leverage to achieve them. The High Representative is invited to present a first progress report on this work to the December 2010 European Council. In this context, there should be a reflection on the frequency, format and output of those summits, which need to be better targeted towards reaching EU objectives. The European Council invites its President, in cooperation with the President of the Commission and the High Representative, to take any necessary initiatives with a view to improving the process.

- f) The European External Action Service will be a crucial tool in support of the efforts towards enhancing the European Union's external policy. At service level, it will, under the authority of the High Representative, provide support to the European Council, the Council and the Commission concerning the strategic overview and coordination necessary to ensure the coherence of the European Union's external action as a whole.

Declaration on Pakistan

1. The European Council is shocked at the devastating impact of the floods in Pakistan which continue to destroy livelihoods and communities throughout the country. The scale of the disaster is unprecedented in Pakistan's history. The cost in humanitarian needs and to its already fragile economy is immense. The severity of this crisis demands an immediate and substantial response, taking also into account the strategic importance of Pakistan's development, security and stability in the region. Following the second EU-Pakistan Summit held last June, the European Council reiterates its intention to strengthen cooperation on political issues. A stable, democratic and prosperous Pakistan is key to addressing global issues such as counter-terrorism, non-proliferation or counter-narcotics. Good governance will also be key to ensure swift reconstruction of the country.
2. The European Council recalls the recent efforts of the EU (Member States and the Commission) in response to the crisis, notably the provision of significant humanitarian aid. It recognises the importance of further support to Pakistan to bring immediate relief and longer term assistance for recovery and reconstruction.
3. To this end, the European Council resolves to mandate Ministers to agree urgently a comprehensive package of short, medium and longer term measures which will help underpin Pakistan's recovery and future development. These should comprise significant additional humanitarian and development assistance as well as ambitious trade measures essential for economic recovery and growth. In this regard, the European Council underlines its firm commitment to grant exclusively to Pakistan increased market access to the EU through the immediate and time limited reduction of duties on key imports from Pakistan in conformity with WTO rules, to be implemented as soon as possible, and to commit to Pakistan's eligibility for GSP+ for 2014, provided it meets the necessary criteria. The Commission is invited to explore options with WTO partners and to present its finalised proposal in October taking account of industrial sensitivities in the EU.

Declaration on the Middle East Peace Process

The European Union strongly welcomes the launch of direct negotiations between Israel and the Palestinian Authority, announced in Washington on 2nd September 2010, and commends the Israelis, the Palestinians and the United States as well as the Quartet and Arab partners for their efforts. The decision by the parties to engage in substantive talks represents a major step on the road towards a just, lasting and comprehensive peace in the region.

Recalling the Council conclusions of December 2009 on the Middle East Peace Process, the European Union stresses that these negotiations on all final status issues should lead to a two-state solution with the State of Israel and an independent, democratic, contiguous and viable State of Palestine living side by side in peace and security.

In this context, the European Union deems it indispensable that both parties observe calm and restraint and refrain from actions that could affect negatively the progress of the negotiations. It calls on both parties to uphold previous commitments and to strive to create an environment conducive to a successful outcome. The European Union recalls that settlements are illegal under international law and calls for an extension of the moratorium decided by Israel. It continues to call for a complete stop to all violence, in particular rocket fire and terrorist attacks.

The European Union will spare no effort, along with its partners in the Quartet as well as Arab partners, to support the US-led efforts for successful negotiations that lead to a framework agreement within one year, which is in the interest of Israelis and Palestinians, the peoples of the region and the international community. The European Union is the first donor to the Palestinians and a crucial political and economic partner of both parties as well as their neighbours. In this regard, it stresses that the European Union will remain actively engaged and involved, including through the Quartet, to support and ensure the success of the negotiations and invites the High Representative to continue to fully associate the European Union to the ongoing efforts. The European Union stresses the need for the Quartet to continue to play an essential role in the peace process. It also stresses the crucial importance of the continuation of the Palestinian State building process which the European Union will continue to actively support, including the implementation of the Fayyad Plan.

Recalling the Council conclusions of June 2010 on Gaza, the European Union also stresses that for peace to be sustainable, a durable solution needs to be found for Gaza. It welcomes the recent measures announced by the Israeli government as an important step forward. It calls for full implementation and complementary measures in order to achieve a fundamental change of policy that allows for the reconstruction and economic recovery of Gaza. The EU has offered its assistance for achieving this objective. The European Union calls for a solution addressing Israel's legitimate security concerns.

The European Union recalls that peace in the Middle East should be comprehensive and reiterates the importance of negotiations on the Israeli-Syria and Israeli-Lebanon tracks.
