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Til underretning for Folketingets Europaudvalg vedlægges formandskabets reviderede kommenterede dagsorden vedrørende Det Europæiske Råds møde i Bruxelles den 16.-17. oktober 2003, 13459/03.

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**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 10 October 2003

13459/03

POLGEN 72

NOTE

From: The Presidency

To: Council

Subject: *European Council (16/17 October 2003)*
– *Annotated draft agenda*

In line with the Seville European Council Conclusions the General Affairs and External Relations Council at its meeting on 29 September acting on a Presidency proposal drew up an annotated draft agenda for the meeting of the European Council on 16/17 October 2003 consisting of three items: Relaunching the European economy, Strengthening the area of freedom, security and justice, and External relations (doc. 12940/03).

The Portuguese delegation has requested the addition to the agenda of an item on the specific situation of the Portuguese agriculture.

Progress achieved in work on the various issues arising in connection with those items has enabled the Presidency to draw up the revised annotated draft agenda reproduced hereafter.

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p.m. InterGovernmental Conference

p.m. Appointment of the President of the ECB

RELAUNCHING THE EUROPEAN ECONOMY

After a period of uncertainty, some positive signs are emerging in Europe. An improvement in the international economic environment, low levels of inflation, stabilised oil prices and better conditions in the financial markets are key factors behind a pick up in economic activity, which is expected to strengthen in the course of 2004. Since the situation remains fragile, a message of confidence in the European Union's economic potential is needed. Maintaining sound macroeconomic policies, accelerating structural reforms and promoting investment in infrastructure and human capital are key priorities. In this context, economic policies should continue to be aimed at producing job-creating growth.

The purpose of this European Council is to focus immediate attention on how to boost growth and to organise work with a view to taking concrete decisions at the European Council on 12/13 December. It also seeks to emphasise the need for continued action across a broad front, aimed at creating the backdrop of an economic and social environment favourable to growth.

I. THE GROWTH INITIATIVE: BOOSTING INVESTMENT IN KEY PROJECTS

Speeding up the implementation of European transport, energy and telecoms networks and increasing investment in human capital will be crucial for growth as well as for helping to achieve an effective integration of the enlarged Europe, with significant gains in productivity.

To this end the European Council endorses the principles of the proposed Growth Initiative as well as the interim report presented by the ECOFIN Council and invites the relevant actors to take it forward along the lines set out below. This Initiative will be consistent with the Stability and Growth Pact, the current Financial Perspective ceilings, and in line with the commitments in the Broad Economic Policy Guidelines.

Connecting up the Member States: TENs projects

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

Securing supplies of energy and telecommunications networks

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

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

Innovation, research and development and skills are of critical value for raising Europe's growth potential. Action will concentrate on research infrastructures, science parks, industrial innovation and research and development projects, information and communication technologies, the financing of education and training facilities, technology platforms, prototypes and pilot plans. It will also seek to address the problem of first commercial production units, where the individual company may not reap the full benefit of its research and development and innovation spending and hence, the level of aggregate innovation is sub-optimal. Specific attention must be devoted to the needs of innovative SMEs that operate on the technological boundary and to technology transfer to peripheral regions.

Next steps: decisions on follow-up

In order to make the rapid progress necessary to perform a definitive assessment of the Initiative and take concrete decisions at its December meeting, the European Council is expected to

- invite the Commission, the EIB and the relevant formations of the Council to establish a "quick start programme" identifying a list of projects of true European interest in an enlarged Union, based on transparent criteria, along with assessments of their economic and financial viability, their impact on growth and the leveraging effect on private capital;
- invite the Commission and the EIB to present, in time for a thorough preparation by the Economic and Financial Committee of the 25 November Ecofin meeting, their final reports on the Growth Initiative; these reports should in particular:
 - explore how best to increase the involvement of the private sector in financing projects, including the use of the EIB's Structured Finance Facility,

- develop instruments aiming at leveraging private capital, in particular through the securitisation of existing assets, and examine which assets could be used for such purposes,
- develop a better co-ordination of procedures between EIB financing, Structural Funds, the TENs budget line and the Sixth Framework Programme,
- establish a framework for a comprehensive evaluation of the Initiative after 5 years, and report annually to the European Council through the Spring Report.

Moreover the Commission should be invited, in cooperation with the Member States, to develop proposals to eliminate technical, legal and administrative obstacles to TENs, in particular cross-border sections, PPPs, innovation and R&D projects; the Commission should also clarify ESA 95 principles on the national accounting treatment of PPPs.

The Council should coordinate the Growth Initiative with other initiatives taking place at the national and European level, so as to ensure complementarity and best use of resources, thus enhancing the overall impact of the initiative.

II. CREATING FAVOURABLE CONDITIONS FOR GROWTH

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

Enhancing the competitiveness of the European economy

An integrated strategy for European competitiveness involves horizontal action to ensure that a range of policies are pursued in such a way as to contribute consistently to the goal of enhancing the factors of competitiveness for enterprises and industry. Key policies in this regard are the internal market, action in support of industry and research and technology, with easing administrative and regulatory burdens providing the required underpinning. The European Council stresses the pivotal role of the Competitiveness Council in ensuring that this integrated approach is applied on the ground and thus in contributing to creating a favourable environment for enterprise, and effective internal market and more research and innovation.

Internal market

The European Council calls on the Commission to present any further proposals necessary to complete the internal market and to fully exploit its potential, to stimulate entrepreneurship and to create a true internal market in services, while having due regard to the need to safeguard the supply and trading of services of general interest. In this connection it considers final agreement on the Community patent to be a priority. Member States are invited to step up the efforts to transpose internal market legislation into national law within the time limits laid down.

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

Industrial policies

The Council and the Commission must address the needs of specific industrial sectors, especially the manufacturing sector in order for them to enhance their competitiveness, notably in view of their essential contribution to economic growth. EU regulations should not be a handicap to EU competitiveness compared to that of other major economic areas by imposing unjustified constraints. To this end the Commission is invited to take into account the consequences of proposed EU legislation on enterprises through providing a business impact assessment. The forthcoming proposal on chemicals will be the first case for implementing this approach.

Research and innovation

Developing the competitiveness of the European economy in line with the Lisbon agenda requires a renewed commitment to the objective of investing 3% of GDP in research with a particular emphasis on technological innovation including environmental technology, on developing human capital through higher investment in education and research, and on priority and innovative projects benefiting all citizens (*e-government*, *e-health*, *e-learning*). The European Council accordingly calls for:

- strengthened coordination between public and private-funded research and increased use of the Structural Funds for Research and Development projects. Public-private partnerships in the research area are a key factor in developing new technologies and enabling the European high-tech industry to compete at the global level;
- rapid progress on implementing the *e-Europe* Action Plan; this requires a considerable stepping-up of actions and investments, especially in the *e-Government* sector and as regards the development of broadband infrastructure and contents.

Better regulation

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

Developing the social dimension

The current priority attached to action to stimulate growth and boost competitiveness must go hand in hand with effective social policies, which remain an integral part of the European socio-economic model. In line with the Commission's communication, it is necessary to improve coordination on the policies adopted by Member States in the field of social protection, thus contributing to the necessary modernisation of social protection systems. In this connection the Council should examine the Commission communication on open coordination in the field of social protection and draw up operational conclusions respecting the diversity of national systems in time for the 2004 Spring European Council.

Member States attach particular importance to pension systems which provide adequate benefits, are financially sustainable and are capable of meeting the challenges of modernisation. Although falling within the responsibility of the Member States, their work should nevertheless be enhanced by reinforcing open coordination in this field and supplemented by common guidelines and national objectives. In that connection:

- the Council should consider refining the sets of objectives used in open coordination on social protection – following the example of the conclusions of the Barcelona European Council, which called for an increase of five years in the effective average age at which people stop working by 2010 – so as to ensure the sustainability and adequacy of pension systems in the face of demographic developments;

- the Council should continue to monitor closely the financial sustainability of pension systems, inter alia to assess to what extent reforms are improving the long-term sustainability of public finances;
- the Member States and the social partners should consider how to implement the link between employment policies and pensions in the light of the objectives set by the Barcelona European Council.

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

The environmental dimension

Further action to enhance environmental protection and sustainability will contribute to boosting growth. Environmental targets will work as a catalyst for innovation and modernisation in key sectors such as energy and transport and promote new investments in clean and more energy- and resource effective technologies. The finalisation, by the end of 2003, of the Commission Action Plan on environmental technologies will contribute to promoting and disseminating such technologies.

STRENGTHENING FREEDOM, SECURITY AND JUSTICE

Managing the Union's common borders

The European Council is likely to:

- stress that with the forthcoming enlargement, the Union's borders are expanding, and recall the common interest of all Member States in establishing a more effective management of the borders, in particular with a view to enhancing the security of its citizens;

- recalling the conclusions of its Thessaloniki meeting, urge the Commission to examine the possible allocation of the funds envisaged for the period 2004-2006, in order to cover the most pressing needs in this area, especially in supporting the management of external borders, the implementation of the return action programme and the development of the VIS;
- underline the importance of full implementation of the Plan for the management of external borders and the setting up of the pending air and maritime Border Centres. All Border Management Centres should work closely together under the coordination of the Common Unit of External Borders Practitioners;
- invite the Commission to submit a proposal for the creation of a Border Management Agency, in order to enhance operational cooperation for the management of external borders, in time for the Council to reach a political agreement on main elements by the end of the year. This proposal should draw on the experience of the Common Unit of External Border Practitioners;
- take note of the study carried out for the Commission on maritime borders and invite the JHA Council to draw up a work programme on this issue to be adopted by the end of the year.

Controlling migratory flows

The European Council is likely to:

- confirm the top political priority ascribed to the issue of migration and reaffirm its commitment to a balanced approach between, on the one hand, the urgent need to stop illegal migration and to fight against the trafficking of human beings, and, on the other hand, the reception and integration of legal immigrants, in accordance with the principles and priorities set out in the European Councils in Thessaloniki, Seville, Laeken and Tampere;

- commit itself to the use of all appropriate **instruments** of the EU's external relations, within the global approach as defined in Thessaloniki, including strengthened partnerships with the third countries concerned, in pursuit of the EU's strategy to combat illegal migration. In this context the European Council could:
 - invite the Commission, the Council and the Member States to make every effort to facilitate the successful conclusion by the Community of readmission agreements. It is likely to invite the Council and the Commission to produce early next year a report identifying in particular the priorities of a common readmission policy and the measures taken to ensure the successful development of such a policy,
 - reaffirm that a common return policy is a key element for an efficient and comprehensive immigration policy and invites the Council and the Commission to give the highest priority to the implementation of the action plan adopted in November 2002. In this framework, it is likely to invite the Commission to present a proposal, taking into account the financial perspectives, to provide financial support for the repatriation in full compliance with humanitarian principles and respect for the dignity of the person of illegal immigrants and unsuccessful applicants for asylum to countries of origin and transit,
 - note with satisfaction the work under way within the Union and in international bodies (ICAO, G8) on the introduction of biometric identifiers in visas, residence permits and passports; call upon the JHA Council to reach a political agreement by the end of 2003 on the two Commission proposals for Council Regulations on biometrics identifiers and to take the necessary decisions on the development of the Visa Information System (VIS) and the Schengen Information System (SIS) II, while fully respecting the envisaged timetable for the introduction of the SIS II.

Furthermore the European Council could also:

- while recognising that each Member State is responsible for the number of legal immigrants admitted to its territory, in accordance with its law and reflecting its specific situation, including labour markets, welcome the Commission's initiation of a study into the possible setting up of a European immigration quota system, and invite all Member States, Accession States and Candidate States to cooperate fully with the Commission to this end;
- call upon the JHA Council to complete its work urgently on proposals for the **asylum** qualification and procedures directives, in order to comply with the deadline already set by the Seville and Thessaloniki European Councils for the end of 2003, to enable us to tackle asylum abuse and inefficiency while fully respecting the Geneva Convention and our humanitarian traditions.

Judicial and Police Cooperation

The European Council is likely to:

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

EXTERNAL RELATIONS

p.m. (Middle East, Iraq, Iran ...)

