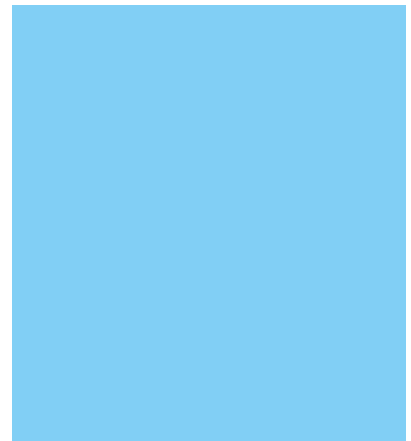




Foreign &
Commonwealth
Office

PROSPECTS FOR THE **EUROPEAN UNION** IN 2008



The French Presidency
July to December 2008



Prospects for the European Union in 2008

The French Presidency,
July to December 2008

Presented to Parliament by the
Secretary of State for Foreign and Commonwealth Affairs
by command of Her Majesty

July 2008

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CONTENTS

FOREWORD BY THE MINISTER FOR EUROPE, JIM MURPHY MP	1
CLIMATE AND ENERGY SECURITY	2
Energy	2
ENVIRONMENT AND AGRICULTURE	3
Agriculture and Fisheries Reform	3
Biodiversity	3
Air Quality	3
Sustainable Development	3
COMPETITIVENESS	4
The Lisbon Strategy	4
The Single Market	4
Consumer Review	4
Better Regulation	4
Skills	5
Innovation and Research	5
The Small Business Act	5
Telecommunications	5
FINANCIAL SERVICES AND REGULATION	6
TRADE AND EXTERNAL COMPETITIVENESS	6
Food Prices	6
ECONOMIC AND MONETARY POLICY	6
Budget Review	6
Structural and Cohesion Policy	7
Taxation	7
EMPLOYMENT, SOCIAL AND HEALTH POLICY	7
Labour markets	7
Social inclusion and mobility	8
Health	8
Chemicals and Food Safety	8
TRANSPORT	8
Maritime Affairs	8
Galileo	8
AREA OF FREEDOM, SECURITY AND JUSTICE	9
Counter-Terrorism	9
Police and Judicial Cooperation	9
Improving legal certainty for citizens and business	9
Migration and Asylum	9

CYPRUS	10
ENLARGEMENT	10
WESTERN BALKANS	10
EXTERNAL POLICY	11
Counter-proliferation and arms control	11
European Security and Defence Policy (ESDP)	11
European Neighbourhood Policy	11
Millennium Development Goals	11
EXTERNAL RELATIONS	12
Kosovo	12
Russia	12
Africa	12
Zimbabwe	13
Sudan	13
Middle East Peace Process	13
Afghanistan	13
Iran	14
Iraq	14
China	14
India	15
Pakistan	15
Burma	15
Nepal	15
Asia and Pacific	15
Latin America	16
Brazil	16
Timetable of Formal Councils: July to December	17
July	17
September	17
October	17
November	17
December	18
Future Presidencies of the EU	18

FOREWORD BY THE MINISTER FOR EUROPE, JIM MURPHY MP



It is indisputable that the EU has played a vital role in bringing prosperity, stability and security to its member states over the past 50 years.

In 2008, there are different challenges, characterised by changing balances in world power, with the rise of emerging economies; scarcity of resources; rapid technological advances; and ever faster and greater flows of people, trade and information.

How does the EU fit into this context? The Prime Minister and the Foreign Secretary outlined how the UK Government believes the EU can meet the new global economic and security challenges in the *Global Europe* paper, published last autumn. Over the past few months, I have been discussing the Global Europe agenda with European partners, working out how best the EU can make globalisation work for its citizens.

The EU Amendment Bill on the Lisbon Treaty is now law in the UK. The European Council will be returning to the issue in October and the UK will play a full part in finding a way forward which works for all member states.

We will continue to focus on an outward-looking European agenda that tackles the global, economic, environmental and development issues that affect us all; as nation states, as the EU and as a global community.

The recent UK-France Summit confirmed that the UK and France share many common objectives in Europe. The agenda over the next six months is a challenging one and the Government welcomes France's commitment to making real progress on the issues discussed in this paper.

A handwritten signature in black ink that reads "Jim Murphy". The signature is written in a cursive, slightly slanted style.

CLIMATE AND ENERGY SECURITY

Climate change is a global challenge, the scale and urgency of which is unprecedented. Closely linked to this is the growing demand for secure supplies of affordable energy. With its institutions, laws and common commitments, the EU is uniquely placed to build trust in collective action, moving first to lead the global response to climate change. The UK and France are determined that the EU remains at the forefront of efforts to tackle climate change. We will act together, in the EU, to create a low carbon economy in Europe and to promote it worldwide.

Under the German Presidency, EU leaders listened to the concerns of their citizens and made a commitment to address climate change through an ambitious package of measures to reduce greenhouse gases and increase the use of renewable sources of energy. This package is the political foundation of the EU strategy on climate change and a vital mechanism to kick-start the transition to a high-growth, low-carbon economy. At the Spring European Council in March this year, EU leaders reiterated their commitment by mandating for political agreement by the end of 2008. The challenge for the French Presidency is to make this happen.

The 2020 package proposes an overall binding target for the European Union of generating 20% of its energy from renewable sources by 2020 with at least 10% from biofuels by 2020. Political agreement is needed on this package by the end of 2008, with a view to its adoption within the current legislative term of the European Parliament. This will allow the EU to demonstrate to the major and emerging economies that it is possible to reduce greenhouse gas emissions while continuing to grow and remain globally competitive. The EU needs to demonstrate its leadership on climate change to encourage China, India, the US and other key players to sign up to a new climate change agreement at Copenhagen in 2009. The UK recognises the significance of the 2020 package, and welcomes the French Presidency's commitment in steering the EU towards an effective but equitable agreement and looks forward to the United Nations Framework Convention on Climate Change (UNFCCC) meeting in December in Poznan, Poland.

A key environmental dossier will be European vehicle emissions. Passenger cars account for approximately 12% of EU CO₂ emissions and emissions from road transport have increased by 26% since 1990. In late 2007 the Commission proposed reducing CO₂ emissions from cars through mandatory fuel efficiency targets for new cars. The UK's priorities are to secure an ambitious long-term target that ensures carbon savings and also provides industry with the certainty to develop and invest in new low carbon technologies, and to ensure that it is competitively neutral and does not unfairly penalise manufacturers which produce a limited range of vehicles. The UK sees this as an important part of the overall EU climate change package and as a step towards decarbonising road transport. The UK supports France's ambition to secure an agreement during their Presidency.

Energy

The UK believes that open and competitive energy markets deliver the best results for EU consumers in terms of price, choice and energy security, and support the transition to an efficient low-carbon economy. The Government therefore strongly supports the Presidency's decision to make action on energy a priority.

The Third Energy Package is a critical component in steps towards liberalising EU electricity and gas markets. Launched in 2007, political agreement on the package was reached at the Energy Council in June 2008. We hope that the final text can be adopted by the end of the year. The package includes measures to ensure greater separation between energy networks and energy production and supply businesses, so-called unbundling. It also ensures stronger powers and greater political independence for national regulators, and the creation of a pan-European Agency of Regulators to promote cross-border cooperation.

This autumn, the Commission will publish its second EU Strategic Energy Review. In line with this year's Spring European Council conclusions, the Review will focus primarily on security of supply and the external dimension of the EU's energy policy. The UK supports this focus, and looks forward to working with the Commission, Presidency and other EU partners in order to make real progress.

ENVIRONMENT AND AGRICULTURE

Agriculture and Fisheries Reform

We will support the French Presidency in concluding the Common Agricultural Policy (CAP) Health Check of the effectiveness of 2003 CAP reforms by December 2008. The Government supports CAP reform aimed at meeting the challenges of a global economy – specifically, the decoupling of all direct farm payments from production; the phasing out of all market intervention; the simplification of rules; the abolition of export refunds; and an increase in the funding transferred from direct farm payments to environmental and rural development schemes. This Government is clear that discussions on CAP reform must be taken forward as part of the EU's Budget Review.

The setting of annual catch and effort limits is a crucial element of the management of the Common Fisheries Policy (CFP). The UK is keen to ensure that for the first time there is sufficient opportunity to consider these in a fully measured way on the basis of early submission of Commission proposals. We will work with the Presidency to reach a successful outcome to the review of the cod recovery mechanism which ensures the long-term sustainability of the stocks in question. The planned revision of other technical controls on fishing activity will give the Presidency the opportunity to deal with the problem of discards, which the UK considers critical to the effective operation of the CFP in the future. The revision should also ensure more effective policing of the regime.

Biodiversity

The main focus will be on making progress at the international level on biodiversity. The Government wants the focus to be on implementation of the 2010 target adopted at the Rio Earth Summit in 1992, which aims to significantly reduce the rate of biodiversity loss.

The French Presidency may also pursue negotiations on the Soil Framework Directive, following failure to reach agreement in Council on a compromise text at the end of 2007. The Government has serious concerns about the need for this Directive, the consistency of this proposed Directive with Better Regulation principles, and the potential costs of implementation. The Government will want to ensure that, if the Directive is to be progressed further, there are detailed discussions at a technical level at the outset which aim to resolve these issues.

Air Quality

The French Presidency will aim to make progress on the proposed Industrial Emissions (Integrated Pollution Prevention and Control) Directive. This 'recast' would combine the current Integrated pollution prevention and control directive and six other related Directives. The Government will want to make sure that this revision leads to regulatory simplification to aid implementation and innovation, while ensuring consistency with climate change, health and environmental objectives.

Sustainable Development

The joint EU Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan is likely to be adopted under the French Presidency. The Government is seeking an Action Plan that has a focus on products and leads to coherence between the several strands of product-based EU policy.

COMPETITIVENESS

The Lisbon Strategy

The UK believes that the economic direction set out at Lisbon in 2000 remains the right one and that in the light of an increasingly global and competitive economic environment, the core values of flexibility, fairness and openness remain crucial to Europe's success. Our internal reforms must be supported by maintaining our traditional openness to foreign trade and investment to help us take advantage of the opportunities afforded by globalisation and to help spread the benefits of trade and growth throughout the wider world.

The final three-year cycle of the current Lisbon jobs and growth strategy was launched under the Slovenian Presidency based on the four priorities identified in 2006: investing in human capital and modernising labour markets; improving the business environment; innovation and knowledge; and climate change and energy. Under the French Presidency, discussions begin on a Lisbon post-2010 strategy aimed at responding to the challenges of globalisation.

The Single Market

The Commission presented its Review of the Single Market in November 2007. The UK welcomed the new flexible approach to single market policy, focusing on the key priority areas where businesses and citizens can benefit, such as further liberalisation of the network industries; using competition policy tools to reduce barriers for businesses, particularly small and medium-sized businesses (SMEs); and allowing consumers to benefit from more choice and lower prices.

Under the French Presidency, the Government will be working closely with the French to deliver concrete measures agreed in several key areas. We welcome the focus on improving the governance of the Single Market; market monitoring of the Single Market; work on the consumer acquis; Better Regulation; the Skills Review; the Small Business Act Package; and further liberalisation of network industries.

Consumer Review

The Government believes that the ability of the EU to connect with its citizens depends on the Single Market continuing to deliver for consumers. The French Presidency will seek agreement on the revised Timeshare Directive which will protect consumers from fraudulent 'holiday club' timeshare operators. We support this in principle.

A new framework directive on consumer contract rights is also expected to be published focusing on the simplification of EU consumer law, Better Regulation principles and improving consumer and business confidence in cross-border sales. Consumer redress in cross-border situations will also be examined. The UK believes that these are areas where the EU can help to make the Single Market work better for consumers.

Better Regulation

The French Presidency will push to improve the use and quality of impact assessment across the EU institutions, something the Government strongly supports. The Commission is currently revising its guidelines for officials on how and when to carry out impact assessments. In response to an independent evaluation in 2007 and the results of a public consultation, new guidelines are expected during the second half of 2008.

The Government would like to see the scope of Commission proposals on impact assessment expanded and an improvement in the quantification of the costs and benefits of the options under consideration. The review of the Inter-Institutional Common Approach to Impact Assessment has just begun and will

be taken forward during the French Presidency. It is important that the Council and European Parliament take this opportunity to enhance their use of evidence in decision-making to avoid EU legislation resulting in unintended consequences or unnecessary costs which would damage EU competitiveness.

The second half of 2008 will be a crucial phase in the EU administrative burden reduction programme. Following the European Council's agreement to cut administrative burdens on business stemming from EU law by 25% by 2012 in March 2007, the Commission is expected to propose simplification proposals by the end of the year that will deliver the savings.

Skills

The Government and the Presidency agree that education and skills are key to Europe's successful response to globalisation. A key theme for the Presidency will be 'orientation': providing guidance to students, particularly at the transition points to and from Higher Education. The Government welcomes this focus as well as plans to expand student mobility by looking into methods to increase the attractiveness of student mobility programmes such as Erasmus. In addition, as agreed at the last Spring European Council, the Commission will begin work on a European Skills Review. This will help assess the future skills requirements in Europe up to 2020, and suggest measures to anticipate these skills needs.

Innovation and Research

The French Presidency is expected to take forward action to promote availability and dissemination of creative content across the EU – following on from a Communication published by the Commission in January 2008. They are likely to focus on issues relating to digital rights management, multi-territory licensing of copyright protected works, the development of new business models and actions to tackle piracy and infringement with an emphasis on soft law and best practice initiatives rather than new regulation. The Government recognises the importance of these issues – for consumers and for rights holders – but we must encourage the market to develop its own solutions, and avoid unnecessary intervention.

The Small Business Act

Improving the enterprise environment for Europe's SMEs is key to delivering economic growth. The Government fully supports the initiative to develop an EU Small Business Act and welcomes the emphasis placed on it by the French Presidency.

The UK welcomes the recently published proposals which build on progress made in the EU over the past decade, based on the principles of open markets, competition and Better Regulation. The Government strongly supports measures to reduce regulatory burdens on small business and to facilitate access to finance and markets. The Government will work with the Commission, the Presidency and other Member States to ensure the Act makes a positive contribution to enterprise in the EU, aiming for agreement under the French Presidency.

Telecommunications

The Presidency plans to take forward Commission proposals to enhance the operation of the single market in telecommunications. The Government welcomes the Commission's emphasis on strengthening the powers and independence of national regulators; liberalising the allocation of spectrum, in itself a significant economic driver; and improving consumer protection.

FINANCIAL SERVICES AND REGULATION

The Government looks forward to further work during the French Presidency on financial stability and financial services supervision. Following the informal ECOFIN meeting of EU Finance Ministers earlier this year, where UK proposals to establish Supervisory Colleges were endorsed, efforts to implement them in EU legislation will continue. We believe that, by bringing supervisors together, Colleges will improve the effective supervision of cross-border firms.

TRADE AND EXTERNAL COMPETITIVENESS

Promoting openness to trade and investment remains the key to boosting growth in the EU. The World Trade Organisation trade round – the Doha Development Agenda – remains a major priority for the Government. We will continue to push for an ambitious conclusion in 2008 and we will need to work closely with the Presidency to ensure this outcome. We will work to ensure that openness and free and fairer trade remain top of the EU agenda.

We will also work with the Presidency to take forward Economic Partnership Agreements (EPAs) with the four African regions and Pacific islands, and support the implementation of the Caribbean EPA, in order to help bring these countries into the world economy more effectively.

The Government looks forward to working with the French Presidency as it prepares for important meetings with key third countries in 2008, in particular the US, China, India and Canada. In this respect, the Government continues to support efforts to improve cooperation between the EU and these countries on removing barriers to trade and investment (including between financial markets), stimulating innovation and technological development, regulatory reform and intellectual property rights. Addressing this external dimension of the Lisbon agenda is key to maintaining the competitiveness of the EU.

Food Prices

One important area in which openness to trade can have a positive impact is by supporting a well-functioning global food market. The UK has been concerned by the impacts of rising prices on consumers both in the EU and more widely, including in developing countries. The positive response from EU partners to the Prime Minister's open letter to Japanese Prime Minister Fukuda indicates that this concern is widely shared, and the Government looks forward to working with the French Presidency to produce positive outcomes. In addition to trade and CAP reform, the UK is discussing how we can support those in developing countries who are worst affected, and how research can be pushed forward to make agriculture sustainable in the long run. We look forward to continuing these discussions during the French Presidency.

ECONOMIC AND MONETARY POLICY

Budget Review

The Government has submitted a response to the Commission's consultation on a fundamental Review of the EU Budget. The Review was launched in September 2007, and the Commission is expected to produce a White Paper on the outcomes in 2008/09. We believe the Review provides an important opportunity for European leaders to address the issue of modernisation of the EU Budget, so that the EU is better able to deliver for the benefit of its citizens. Just as the EU has evolved, so its budget needs to evolve to reflect changing priorities.

The UK response sets out a positive and principled vision for future EU Budget expenditure. It makes the case for spending on agricultural support to be reduced, and resources re-orientated towards EU action in three priority areas:

- Building a prosperous Europe within a strong global economy
- Addressing the challenges of climate change
- Ensuring security, stability and poverty reduction.

Structural and Cohesion Policy

The French Presidency will be holding an informal Ministerial meeting at the end of November to continue the debate on the future of Cohesion Policy at a political level.

In its response to the Commission's Budget Review consultation, the Government calls for Structural and Cohesion Funds to be better focused on the less prosperous Member States. The EU Budget has a particularly important role to play in helping less prosperous Member States invest in measures to increase their productivity and adjust to the economic challenges of globalisation. But this funding should be seen as transitional support, not a permanent subsidy. In the longer term, as these countries develop, a measure of their success should be that they no longer depend on them. Structural Funds in the richer Member States should be phased out altogether and standard 'competitiveness and employment' funding should no longer be available to richer Member States.

Taxation

The Government believes that, in an increasingly global economy, Europe needs open, flexible and competitive national tax systems, allied with renewed international cooperation, to build growth, prosperity and jobs in Europe, consistent with the economic reform agenda and developing Europe's international competitiveness. The UK will vigorously oppose any proposals in Europe for tax harmonisation that would harm UK interests, and ensure maintenance of our veto on tax matters.

The Government looks forward to new legislative proposals on VAT rates in the summer of 2008. The UK is committed to working jointly with France to make the case to our European partners for the introduction of a new reduced VAT rate on energy-efficient products and energy-saving materials to deliver EU objectives on tackling climate change. We look forward to continued work during the French Presidency on VAT and financial services, and on tackling VAT fraud. The Government is strongly committed to working with European partners to tackle cross-border tax evasion, including as part of the European Commission's forthcoming review of the EU Savings Directive.

EMPLOYMENT, SOCIAL AND HEALTH POLICY

Labour markets

The Government believes that we must balance flexibility and fairness in our labour markets. We recognise that Member States have their own history and traditions and that there is no 'one size fits all' model. We will continue to work with the Presidency and other EU partners to ensure that we deliver more and better jobs and sustainable growth for our citizens and equip them with the skills they need to manage the challenges of globalisation.

The UK welcomes the Presidency's intention to maintain the current focus of the Lisbon Agenda's Integrated Guidelines, which outline the process of implementation of agreed reforms, necessary to ensure opportunity, fairness and flexibility in our labour markets.

Social inclusion and mobility

The Government believes that to enable the EU to meet the challenges of globalisation and changing demographics we must work together to improve opportunity and equality for all EU citizens. This will enable citizens to develop the skills that will allow the EU to become a world leader in terms of a knowledge-based economy. The Commission has published a Social Package which looks at each aspect of EU social policy. The Government will be working with the French Presidency to look at how the EU can share best practice in areas such as policies to support the elderly and tackling social exclusion.

Health

The Government welcomes the French Presidency's commitment to focus on four key areas: tackling health threats, Alzheimer's disease, health in sport and patient mobility. Alzheimer's disease is a key area of work in the context of an ageing EU population. The Presidency will focus on fighting the use of drugs in sport. The Presidency also aims to develop a 'Europe that meets the needs of patients', including a proposal on patient mobility and cross-border Healthcare due to be published in 2008. The Presidency also aims to take forward work on avian flu, with a view to improving coordination of planning and preparedness at an EU level.

Chemicals and Food Safety

The Government will work closely with the French Presidency as it continues negotiations on the proposal, published in March 2008, to modernise and simplify legislation on the marketing and use of animal feed. The proposal is intended to replace four existing Directives with one Regulation which will apply directly in all Member States.

TRANSPORT

The Presidency has identified four priorities for EU transport policy: climate change and sustainable development; safety; pursuit of the efforts to implement the internal market; and intelligent transport systems. Specific issues include the forthcoming revision of the Eurovignette Directive, cross-border enforcement of traffic offences, which will also be the subject of a proposed Directive, and the second reading of the Maritime Safety package.

Maritime Affairs

The French Presidency intends to make progress on the extensive action plan set out in the European Commission's recent Integrated Maritime Policy for the EU, endorsed at the December European Council 2007. The Presidency will take forward discussions on guidelines for maritime governance and maritime surveillance issues. The new guidelines for governance suggest that national integrated maritime policies should all be guided by the principles of subsidiarity, follow an ecosystem-based approach and take account of the needs and know-how of stakeholders, in particular coastal regions. The Government looks forward to these discussions under the French Presidency.

Galileo

The Government welcomes recent progress on agreeing a funding and governance framework for Galileo, and April's launch of the constellation's second test satellite. Galileo will encourage the creation of new, high-skill jobs across the continent, and UK industry and users are well placed to take advantage of the project. The Government will continue to work closely with the Commission and EU partners to secure value for money from the programme through effective management and delivery.

AREA OF FREEDOM, SECURITY AND JUSTICE

EU action in the area of Justice and Home Affairs (JHA) is helping to tackle organised crime, international terrorism and illegal immigration. It is also improving access to justice for UK businesses and citizens in cross-border cases.

Counter-Terrorism

The Government welcomes the priority placed by the French Presidency on policies and strategies aimed at preventing terrorism and looks forward to progress in EU counter-terrorism cooperation and work on the EU Action Plan for Enhancing the Security of Explosives.

Police and Judicial Cooperation

The Government welcomes the French Presidency's plans to develop EU police cooperation, and its intention to take forward work on the EU Drugs Action Plan, as well as efforts to improve the EU's civil security and protection capabilities. The Presidency also plans to continue with negotiations on the use of Passenger Name Record (PNR) data. The Government will also support the Presidency in efforts to push ahead with the delivery of the Schengen Information System II (SIS), the successful implementation of the Prüm Council Decision, and the amended Ship-Source Pollution Directive. We also hope to work closely with the Presidency to enhance citizens' rights in the context of criminal procedure, including through targeted practical measures.

Improving legal certainty for citizens and business

The Government welcomes the priority the Presidency will give to the proposed Regulation on maintenance. Although we did not opt in to this proposal we are keen to support practical family law measures which bring real benefit to Europe's citizens. The Government also looks forward to working with the Presidency as it takes forward the common frame of reference in contract law, measures to protect vulnerable adults and initiatives on E-Justice.

Migration and Asylum

The cornerstone of the French Presidency's approach to Migration and Asylum will be the proposed EU Migration Pact, to be formally agreed by Member States at the October European Council. The Pact seeks agreement from Member States on a range of immigration issues including returns, illegal/legal migration, development partnerships with third countries and asylum. The Government fully supports the French initiative to draft the Pact, and welcomes co-ordinated EU efforts to tackle the challenges posed by migration. The Government will be working closely with the French Presidency on the detail of the proposals.

The second Euro-African Conference on Migration and Development, Rabat II, will take place in Paris in October 2008. The meeting, following on from the first Rabat conference in 2006, will have a West African focus and will discuss illegal migration, legal migration and development. The UK participated in the first preparatory meeting in Morocco, and will continue to play a full role in the process.

The EU will continue to implement the Global Approach to Migration under the French Presidency. EU delegations will continue to countries in Africa and to those countries neighbouring the EU to the East and South East. We also expect to see development of a migration cooperation platform with the Black Sea Region.

CYPRUS

The Government strongly supports efforts to achieve a comprehensive settlement in Cyprus under United Nations (UN) auspices. The leaders of the two communities met on 21 March 2008 and agreed to start a process leading to fully fledged negotiations aimed at achieving a comprehensive settlement. The basis for negotiations was further clarified through a joint statement by both leaders on 23 May which the Government fully supports. Within this process, experts are considering ways to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community. To this same end, the Government will also continue to work with the Commission and Presidency to find a mechanism to enable the Turkish Cypriots to trade with the EU.

ENLARGEMENT

The Government supports the EU's commitment to further enlargement to ensure that the prospect of EU membership remains a powerful incentive for reform in the candidate countries (Croatia, Turkey and Macedonia) and beyond. The French Presidency will support continued steady progress on accession. The Presidency has confirmed their support for continuing enlargement to the Western Balkans.

Over the last year Croatia has made good progress in its accession negotiations and on the implementation of reforms needed for membership of the EU. The French Presidency hopes to mark a decisive period for this process. The French Minister for Europe has declared that the Presidency will do everything possible to open all chapters and to complete technical negotiations before the end of the year. European Commission President Barroso has acknowledged that this is an achievable goal, provided reform momentum is maintained. The Government will continue to support Croatia's efforts to implement all necessary reforms.

On Turkey, there has been some progress on EU accession negotiations, and there is the prospect of further chapter openings under the French Presidency. The French Europe Minister has stated that negotiations will continue to move ahead under their Presidency, and that Chapters will be opened when technically ready. We will work to encourage continued progress, in line with our strong support for the process of Turkish accession.

The Government will continue to encourage Macedonia to pursue the reforms that would allow it to move towards opening accession negotiations with the EU. The Commission's annual report, due in October, will provide the next opportunity for a formal evaluation of progress.

WESTERN BALKANS

The Presidency will remain committed to a stable Western Balkans region that is moving towards EU membership. The Government strongly supports the region's progress towards the EU, helping to drive reform and allowing the region to move forward from the conflicts of the 1990s. The first half of 2007 saw the conclusion of Stabilisation and Association Agreements with Serbia and Bosnia-Herzegovina. We hope the countries of the region will build on their achievements allowing strong progress reports from the Commission in the autumn.

EXTERNAL POLICY

Counter-proliferation and arms control

The Presidency is expected to take forward the EU Strategy against the Proliferation of Weapons of Mass Destruction. We will continue to work closely with the Presidency on key regional issues, such as Iran and North Korea, and we will continue to encourage the Presidency to work towards a successful and substantive outcome to the current Nuclear Non-Proliferation Treaty review cycle.

The Government welcomes the Presidency's support of the UN process towards an Arms Trade Treaty; promotion of the implementation of the UN programme of Action on Small Arms and Light Weapons; and support for the Convention on cluster munitions adopted on 30 May and for the ongoing process within the Convention on Certain Conventional Weapons (CCW). We would also encourage their support in working for a successful outcome to the Missile Technology Control Regime Plenary; and in building on the successful outcome to the second Chemical Weapons Convention Review Conference.

European Security and Defence Policy (ESDP)

The main focus for the Presidency will be the rule of law mission in Kosovo, which will be the largest civilian mission to date. The police reform missions in Afghanistan and the West Bank will continue to intensify their activities. The Presidency will also oversee the mid-mandate review of the military mission to Chad. The French Presidency will look to finalise the Wiesbaden process, looking at practical measures to improve the EU's strategic planning capability to conduct ESDP operations.

For civilian capability, the first Annual Civilian Preparedness Report will be scrutinised by Ministers in November. The December European Council will review the European Security Strategy, adopting elements to improve implementation and complement it. The Government sees this as an opportunity to advance our Global Europe and National Security Strategy priorities. France's recent Defence Review outlined the need to develop capacity and cooperation between national capabilities within the EU.

European Neighbourhood Policy

The Presidency will be responsible for taking forward the Commission Communication on the European Neighbourhood Policy (ENP) of 3 April 2008. The Presidency has indicated that its priority will be to develop a clearer vision for ENP, which will enable the Policy to be more effective and credible – particularly with respect to the needs and expectations of ENP partner countries. ENP is based on the principle of 'differentiation', which allows partners to proceed at their own pace.

The Presidency is keen to encourage those countries with a good track record of reform and who wish to pursue more ambitious programmes to do so. This would apply to Morocco (seeking Advanced Status), Israel, Moldova and Ukraine. We expect the EU-Ukraine Summit on 9 September to advance significantly negotiations on Ukraine's landmark New Enhanced Agreement, which includes a deep Free Trade Agreement. The Presidency will also host an Informal Summit on 13 July to launch a new initiative on the Union for the Mediterranean, which is intended to complement the Barcelona process and EuroMed. The Government looks forward to working with the Presidency closely to ensure that neighbouring countries engage positively with the EU for mutual benefit.

Millennium Development Goals (MDGs)

The Government will fully support the implementation of an EU Agenda for Action under the French Presidency, ahead of the UN's High Level meeting on MDGs in September. At this mid-point in the MDG timetable, the EU leading the way with clear concrete actions will encourage others to act as part of a renewed international effort on the MDGs led by the UN. Given that the health MDGs are the furthest off track, we welcome France's work towards improving healthcare in developing countries.

We further support the Presidency's plan to develop a local government charter on development and welcome the focus on partner country-led local governance strategies to improve service delivery, local economic development, public financial management and democratic governance. We acknowledge that achieving the MDGs by 2015 will require the involvement of a wide range of stakeholders beyond national governments alone. The EU should focus on a more co-ordinated approach to implementing the EU Code of Conduct at the Accra High-Level Forum on Aid Effectiveness and at the Doha Conference on Financing for Development. We also look forward to successful 'EU development days' in November, to be held this year in Strasbourg.

EXTERNAL RELATIONS

Kosovo

Ensuring the implementation of the Comprehensive Settlement Proposal in Kosovo will be a key focus during the French Presidency. The Government will continue to work actively with EU partners to ensure Kosovo's emergence as a stable, democratic and multi-ethnic state supported by reconfigured international presences. The EU is demonstrating its clear commitment to support Kosovo including through its EU Special Representative; its police and rule of law mission; and its support for a Kosovo donors' conference.

Russia

The French Presidency will see the start of negotiations on a new Agreement between the EU and Russia, which began on 4 July. The French Presidency will also look to implement further the four 'common spaces' (economics, justice and home affairs, external relations and culture) with Russia, and an EU-Russia Summit will take place in Nice in November. The Government supports the French aim of taking forward negotiations for a comprehensive new agreement, and will continue to work closely with the Presidency and other EU partners to develop a unified EU approach to Russia.

Africa

The French Presidency will continue to follow up work on the Joint EU-Africa Strategy and Action Plan, endorsed at the EU-Africa Summit in Lisbon in December 2007. Nine partnerships were agreed: on democratic governance and human rights; migration, mobility and employment; trade; regional integration and infrastructure; energy, science and information technology; society and space; the MDGs; peace and security; and climate change. There will be a review of progress during the French Presidency towards the end of 2008. The Government will play a full role in implementing this strategy, working with EU and African Union member states. We continue to support enhanced dialogue and cooperation with the African Union (AU) and African sub-regional organisations. We remain committed to supporting the AU as a key partner in promoting peace and security in Africa.

Work will continue on the preparation of the mandate for the next review of the Cotonou Agreement with African states and others, due to be completed in 2009 and ratified by 2010.

China's relations with Africa will also be a focus of attention for this Presidency, and a Commission communication on this subject is planned for late 2008. This will highlight the EU's increasing engagement with China on Africa.

The Presidency plans to hold an EU-South Africa Summit in July. The Government strongly supports development of this dialogue between the EU and South Africa, and looks to build on the UK's bilateral relationship with South Africa through the UK-South Africa Forum, also in July.

Zimbabwe

The French Presidency will continue to support international efforts to ensure a settlement in Zimbabwe that reflects the will of the people as they voted on 29 March. With the French Presidency we will continue to look at practical measures the EU can take to encourage this outcome, including further targeted measures against those who have committed human rights abuses and are key supporters of the regime. With EU partners, we will continue to provide humanitarian aid to those in need as a result of the disastrous policies of the regime.

Sudan

The French Presidency will continue to support UN and African Union efforts to reinvigorate the Darfur political process and full deployment of the UN-African Union peacekeeping mission to the region. The EU, through the work of the Special Representative to Sudan, will also continue to support the implementation of the Comprehensive Peace Agreement between North and South Sudan in the run-up to national elections in 2009.

The Government will work with the EU to monitor the implementation of the Dakar Agreement signed in March 2008 between Sudan and Chad. The Government welcomes the EU's engagement on Sudan, and will encourage the Presidency to maintain a strong focus on the region in the coming six months.

Middle East Peace Process

The Government will continue to work with EU partners during the Presidency to support the process initiated at the Annapolis Conference in November 2007. The recent Ad Hoc Liaison Committee meeting in London focused on coordination of the US\$7.7 billion pledged by the international community at the Paris Donors' Conference in December 2007.

The EU will continue to encourage all sides to fulfil their Roadmap commitments. The Government welcomes the emphasis on further strengthening of EU programmes to foster institution building, good governance and support for growth of the Palestinian economy. We welcome the EU's efforts to expand support for security sector reform through addressing judicial and penal reform. EUPOL COPPS, the EU's civil police training mission to the Palestinians, continues to provide training and support to the Palestinian security forces.

The EU remains the biggest donor to the Palestinians, and will continue its financial support throughout 2008. The Commission committed over US\$600 million at Paris, in support of Prime Minister Fayyad's Reform and Development Plan. The EU will also continue funding the UN Relief and Works Agency (UNRWA) and other humanitarian organisations. UNRWA provides healthcare, education, housing and food to Palestinian refugees in the Middle East, particularly in Gaza where over 70% of the population are refugees. The EU will continue to promote human rights and respect for international law, both in Israel and the Occupied Palestinian Territories.

Afghanistan

The Presidency will continue to work on rebuilding Afghanistan as a top priority, through enabling the Afghan Government and people to take responsibility for the future of their country. Rule of law will continue to be a priority to ensure the long-term security and stability of Afghanistan. The Government will continue to work with the Presidency through an enhanced EU police mission (EUPOL) to improve the quality of policing.

The Presidency will also continue its efforts to tackle the drugs trade, which funds the insurgency, fuels corruption and criminality and undermines the prospects for development. We will work with the Presidency to maintain the profile of the Afghan Counter-Narcotics efforts (through the Afghan National Drug Control Strategy) in the EU. The Presidency will continue to work with the Afghan Government to ensure progress on human rights is maintained. The Paris Conference on 12 June was an important opportunity to review progress and launch the Afghan National Development Strategy, reaffirming the commitment of the Government of Afghanistan and the international community to Afghanistan's future.

Iran

The Government will encourage Iran to address international concerns on a number of issues, including its nuclear programme, its role in the region, its support for terrorism and the violation of human rights.

We will continue to work with EU partners during the Presidency in attempts to secure Iranian compliance with the requirements of the International Atomic Energy Agency and the United Nations Security Council on its nuclear programme, in line with the E3's (UK, France, Germany) twin-track policy of international pressure and dialogue. This must include the suspension of all enrichment-related and reprocessing activities and heavy water-related projects. We will push for further measures at the EU level, including robust implementation of UN Security Council Resolution 1803. HM Government fully supports strengthening EU sanctions against Iran in response to its refusal to comply with its international obligations and will continue to press EU partners to take a firm stand on this issue.

Iraq

The Presidency will take forward the commitments made by the EU at the General Affairs and External Relations Council (GAERC) in November 2007 and developed under the Slovenian Presidency. In particular, the EU will provide further technical and financial assistance in support of and through the International Compact with Iraq; humanitarian assistance in Iraq and the region; and support to the activities of the UN set out in UN Security Council Resolution 1770. The EU will encourage national reconciliation, support the Iraq Neighbours process and encourage improved relations between Iraq and the region. The Commission will continue to negotiate a bilateral trade and cooperation agreement.

China

We want to see the EU continue to upgrade its relationship with China, and expect the French to make the 11th Annual EU-China Summit towards the end of the year one of the foreign policy highlights of their Presidency. We expect ongoing negotiation of the EU-China Partnership and Cooperation Agreement (PCA) to remain a key objective, with the possibility of reaching agreement on several articles by the EU-China Summit. But negotiation of the final PCA text is expected to last well beyond the French Presidency. Proactive implementation of the Guidelines on the EU's Foreign and Security Policy in East Asia should help address concerns about a consistent and strategic EU approach towards China and the wider region.

The EU-China Summit is expected to build on last year's successful Summit in Beijing and further strengthen the EU's relationship with China, which is important to the delivery of the UK's own objectives. We would like the Summit to finalise delivery on some of the priority areas identified during the EU High Level Mechanism Dialogue held in Beijing in April, including, for example, taking forward work on the Bali Climate Change Roadmap and reaching an agreement to develop deepening customs cooperation and intellectual property rights enforcement. Additionally, we expect the Presidency to pursue the idea of using the EU-China economic relationship to accelerate the transition to a low-carbon economy, including low-carbon economic zones and progress on the Near Zero Emission Coal (NZEC) project.

India

This will be an important six months for EU-India relations, with the EU-India Summit taking place in Marseille on 29 September. While negotiations will have continued throughout the year on an EU-India Free Trade Agreement, the Summit itself is likely to focus on deciding a way forward for the EU-India Joint Action Plan. The Government hopes to see an intensification of the EU-India dialogue on human rights and the adoption of a rolling work programme on energy, clean development and climate change.

Pakistan

The French Presidency will take forward the April General Affairs and External Relations Council (GAERC) Conclusions on Pakistan. In light of the recent elections and new democratic government, the April Conclusions set the priorities for increased EU engagement with Pakistan. We will work with the Presidency to agree concrete steps to deepen the EU's engagement in those areas identified, with a particular focus on economic development and trade, counter-terrorism, education, and supporting democratic institution building (eg through cooperation with Pakistan to implement the EU Election Observation Mission recommendations).

Burma

The French Presidency shares our objectives on Burma. The Presidency will maintain the strengthened EU Common Position. The review of the Annexes to the Common Position, listing those individuals and companies covered by the restrictive measures, is due for completion in July. We will work closely with the French Presidency to ensure that the EU presses for political progress and increases the aid reaching those affected by Cyclone Nargis.

Nepal

Together with the international community, the UK welcomed elections to a Constituent Assembly held in Nepal without major violence. But elections are the first step in a new phase, and a critical opportunity in Nepal's peace process. Throughout the French Presidency, it will be important for the EU to encourage the formation of a representative and inclusive government that respects the mandate of the people and will work together through cooperation and consensus to deliver lasting peace and development in Nepal. A new Government of Nepal will need to quickly deliver on basic services, in particular health, education and roads.

It will be important for the EU and wider international community to offer significant support in these and other areas. Furthermore, we believe that it is crucial that the issue of Security Sector Reform (SSR) and the future of former combatants is addressed. While it is for the Government of Nepal to decide how to do this, the EU should stand ready to play a positive role to assist them. In addition, the EU should continue to urge the Government to uphold human rights standards and bring an end to the culture of impunity which has done so much to undermine public confidence in the state security and judicial system.

Asia and Pacific

On Central Asia, we look forward to further development and engagement under the EU Central Asia Strategy, including on climate change and energy security, and to working with the Presidency on an autumn event in Paris covering Central Asia. We welcome the agreement between the EU and the Philippines on the main elements of a technical cooperation package to assist the Government of the Philippines to tackle extra-judicial killings. An EU Justice Assistance Mission is due to deploy to the Philippines in September.

The UK and France have strong interests in seeing the Pacific region flourish. We will continue to collaborate to promote better governance across the region. The Presidency will, with the European Commission, host in late 2008 the first EU-Pacific Enhanced Political Dialogue to strengthen relations with the Pacific countries.

Latin America

The Government will fully support renewed negotiations of an Association Agreement with Mercosur when there is a real prospect of successful completion. The Mercosur customs union incorporates Brazil, Argentina, Paraguay, Uruguay and Venezuela. We remain committed to an ambitious, balanced and beneficial Association Agreement. The Government is also actively scrutinising ongoing negotiations for two other regional Association Agreements. Negotiations with the Community of Andean Nations bloc (Bolivia, Peru, Ecuador and Colombia) and the Central American bloc (El Salvador, Costa Rica, Guatemala, Nicaragua, Honduras and Panama as an observer State) are ongoing. Agreement is unlikely during the French Presidency but we hope for a conclusion in 2009. The European Commission and Presidency is negotiating on behalf of the EU on both sets of Association Agreements, for whom we agreed negotiating directives in April 2007.

Brazil

The Portuguese Presidency hosted the inaugural EU-Brazil Summit on 4 July 2007, where the first steps were taken towards launching a Strategic Partnership with Brazil. This will provide a coherent framework for EU-Brazil relations and will set a common agenda for future cooperation. As a result, the EU and Brazil are currently developing an EU-Brazil action plan to be discussed at the EU-Brazil Summit on 22 December. The Government strongly supports this, and we will continue to work closely with European partners to ensure that an enhanced EU relationship with Brazil supports our own global and bilateral interests.

Timetable of Formal Councils: July to December

July

8	ECOFIN Council
15	Agriculture and Fisheries Council
17	ECOFIN Budget Council
22–23	GAERC
24–25	JHA Council

September

15–16	GAERC
25–26	JHA Council
25–26	Competitiveness Council
29–30	Agriculture and Fisheries Council

October

2–3	Employment, Social Policy, Health and Consumers Council
7	ECOFIN Council
9–10	Transport, Telecoms and Energy Council
13–14	GAERC
15–16	EUROPEAN COUNCIL
20–21	Environment Council
24	JHA Council
27–28	Agriculture and Fisheries Council

November

4	ECOFIN Council
6	Competitiveness Council
10–11	GAERC
17–18	Agriculture and Fisheries Council
20–21	Education, Youth and Culture Council
21	ECOFIN Budget Council
27	Transport, Telecoms and Energy Council
27–28	JHA Council
28	Agriculture and Fisheries Council

December

1–2	Competitiveness Council
2	ECOFIN Council
4–5	Environment Council
8–9	Transport, Telecoms and Energy Council
8–9	GAERC
11–12	EUROPEAN COUNCIL
15–16	Employment, Social Policy, Health and Consumers Council
17–19	Agriculture and Fisheries Council

Future Presidencies of the EU

2009	Czech Republic	Sweden
2010	Spain	Belgium
2011	Hungary	Poland
2012	Denmark	Cyprus
2013	Ireland	Lithuania
2014	Greece	Italy
2015	Latvia	Luxembourg
2016	Netherlands	Slovakia
2017	Malta	United Kingdom
2018	Estonia	Bulgaria

The French Presidency of the European Union

from 1 July to 31 December 2008 will focus on the key global priorities – climate change, energy, areas of conflict and migration – and will continue the Lisbon agenda of economic reform. This Command Paper sets out the priorities of the French Presidency and the views of Her Majesty's Government in more detail.



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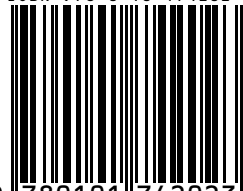
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