

# European and External Affairs Committee

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**Date: 22 September 2005**

**Time: 09:00 - 12.30**

**Venue: National Assembly for Wales, Cardiff Bay**

**Title: The UK Presidency of the EU - Memorandum for the Welsh Assembly**

## **General**

The UK took over the Presidency of the EU on 1 July 2005 and will hold it until the end of December. We are of course working closely with the Commission, the European Parliament, and other Member States, notably the immediately past and future Presidencies.

## **Europe's role in the world**

2005 is an important year for world trade. The WTO Ministerial meeting in Hong Kong in December will take forward the current round of trade talks. As Presidency, we are working with our partners to achieve an ambitious conclusion that meeting: one which leads to global economic growth, including better access to markets for developing countries and the poorest nations in the world, and which enables the trade round to be completed in 2006.

We are also trying to achieve a consensus amongst partners on a market-based liberalising reform of the EU's sugar regime, putting the EU in a better position to contribute to an ambitious outcome to the Round.

We are using the opportunity offered by our twin Presidencies of the EU and the G8 this year to move forward on climate change and Africa. The G8 Gleneagles Summit in July has already made progress on these challenges, which remain priorities for both our Presidencies. We will continue working with our G8 and EU partners to ensure complementary action wherever possible.

The EU is the world's largest aid donor. We are working with our EU partners to ensure that the EU provides the leadership and the quantity and quality of aid needed to tackle global poverty and achieve the Millennium Development Goals. We will also develop a comprehensive and long term global strategy towards Africa in the light of the outcome of the UN Millennium Summit on 14-16 September.

We are also working to reinvigorate the international negotiations on climate change. The Prime Minister had fruitful discussions on this with China and India at the EU Summit meetings with both

countries earlier this month. The EU and China agreed a Joint Declaration on climate change. Its centrepiece is a feasibility study into the potential for building a zero-emissions coal plant in China. The EU and India also agreed to launch an Initiative on Clean Development and Climate Change.

In foreign policy, the EU continues to play an important role, for instance through working to promote peace, stability and reform in the Middle East. It will also continue to give its full support to the constitutional process in Iraq in the run-up to the 15 October referendum and the December elections. The EU is deeply concerned by Iran's unilateral resumption of activity at the Uranium Conversion Facility in Esfahan on 8 August. This is in clear breach of successive IAEA Board resolutions and the Paris Agreement Iran entered into last November. The EU remains committed to a diplomatic solution.

As Presidency we are working to improve Europe's defence capability to take action through the EU battle-groups initiative and the European Defence Agency. On 15 September the EU's monitoring mission in Aceh was launched, the first ESDP mission in Asia. Through it, in conjunction with 5 ASEAN nations, the EU will monitor implementation of a peace agreement between the Indonesian Government and the Free Aceh Movement which potentially marks the end of 30 years of conflict.

We are also continuing to build the EU's partnerships with Russia and with Ukraine. Summit meetings with both will take place during the Presidency.

## **Economic Reform and Social Justice**

The Presidency is also taking forward work on economic reform. The EU needs to reform its economies to remain competitive and secure the economic growth that will generate the social and environmental investment the people of Europe want.

As Presidency, we are taking forward the Better Regulation Initiative to ensure that policy making and legislation is more effective, takes account of European competitiveness and does not impose unnecessary burdens on business or job creation. Our efforts focus on three main areas: improving the policy-making process through better consultation and impact assessments; reducing the volume and complexity of legislation; and reviewing the impact and outcomes of existing legislation.

We also hope to make progress this autumn on the Services Directive, which aims to open up trade in services across the EU. Services account for around two thirds of EU GDP, so this measure could potentially generate hundreds of thousands of jobs and billions of euros for the EU economy.

We are also taking forward remaining work on the Commission's Financial Services Action Plan. And as Presidency we will consult partners widely on the proposed Working Time Directive and hope to get a final agreement which everyone can sign up to. The UK Presidency will build on the achievements of the EU-US Summit during the Luxembourg Presidency to demonstrate clear progress in breaking down barriers to trade and investment in priority areas.

The EU needs growth which does not compromise the quality of life of future generations. We will make progress on all three dimensions of the EU's sustainable development strategy – social, environmental and economic. We will also be investing major efforts in securing broad political agreement on REACH (the chemicals regulation) based on an effective balance between economic, social and environmental considerations.

## **Security and stability**

The EU continues to work towards the opening of accession negotiations with Turkey on 3 October, as agreed at the December European Council. This will be an important step for the EU – beginning the process which should lead to EU membership for Turkey. The prospect of membership has already helped Turkey to make bold improvements to its political and economic systems. Croatia is also embracing reforms – although it will not be able to start accession negotiations unless it co-operates fully with the International Criminal Tribunal for the former Yugoslavia in the Hague.

The attacks on London in July provided a sharp reminder that we need to do more both at home, and with our partners in the EU, to break the networks of terrorists. The EU's Action Plan on Counter-Terrorism launched after the Madrid bombings has led to progress on measures to combat terrorist financing and reinforce police and judicial co-operation. But we need to improve the exchange of law enforcement information between EU partners, as well as address the causes of extremism and radicalisation. For example, we need to agree on EU measures for the retention of telecommunications data. It is vital that service providers across the EU have an agreed basis on which to retain this information, whilst respecting privacy and data protection principles. In addition, we need supporting measures to ensure quicker and more effective judicial co-operation. That is why we are pushing for completion of negotiations on a European Evidence Warrant. This will replace cumbersome mutual legal assistance arrangements with an effective mechanism for obtaining evidence across borders.

We are also taking forward work to manage migration by working effectively with source and transit countries to improve their capacity to protect refugees and control flows of illegal migration. We are also combating the human tragedy of people trafficking by improving the ability of our law enforcement bodies to cooperate across borders and by agreeing a practical EU Action Plan to reinforce Member States' efforts.

## **Future financing of the European Union**

We will try to take forward the negotiations on the 2007-13 financial perspective during our Presidency, drawing on progress made so far, and with a view to resolving all the elements necessary for an overall agreement as soon as possible. Since July we have been consulting partners formally on the way forward. An important part of this debate will be the future of the Structural and Cohesion Funds. The UK Presidency recognises the importance of this issue to Wales, and the need to make progress in this discussion in order to ensure that regions throughout the EU have sufficient time to programme funding in time for the beginning of the next Financial Perspective. Our objective is to achieve an EU cohesion

policy that is effective and adds value at an EU level.

## **The future direction of Europe**

As all this demonstrates, the Government is confident that the EU is moving in the right direction, reforming and delivering on the issues that matter to people – jobs, security, promoting peace and prosperity globally, as well as at home. But the results of the French and Dutch referendums on the Constitutional Treaty earlier this year demonstrate that there is no room for complacency. The wider debate on the future direction of Europe must address the challenges of the 21<sup>st</sup> century.

In this context, the Prime Minister will host an informal meeting of Heads of State and Government in the UK at Hampton Court Palace on 27/28 October. The focus will be on how Europe collectively pursues its economic and social goals in the context of globalisation. We want to build consensus in this debate - identifying common ground and best practice. Other areas which will be discussed include security and counter-terrorism and what the right foreign policy and defence position is for Europe in the modern world.

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