Annual report 2005 on CFSP

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PURPOSE : Council Annual report to the European Parliament on the main aspects and basic choices of CFSP, including the financial implications for the general budget of the European Communities

CONTENT : This report from the Council to the Parliament is split into five chapters, setting out: the main developments in the areas of CFSP and ESDP in 2005; thematic aspects; priorities in the geographical areas; multilateral fora; and perspectives for future action in 2006 (including financing.) The main developments in CFSP in 2005 are as follows:

EU´s External Action in the Fight against Terrorism: the fight against terrorism has been a constant main priority of the CFSP. The London bombings proved, as did the Madrid events before, that the EU and Member States are still steps behind the perpetrators of violence. In December 2005, the European Council adopted the European Union Counter-Terrorism Strategy which outlines the general framework of EU action in the field of counter-terrorism and is complemented by a detailed Action Plan. The European Council also adopted a Strategy for Combating Radicalisation and Recruitment to terrorism, concentrating on Islamist terrorism, which poses the most serious threat to Europe at this moment.

The report discusses cooperation between the EU and US at political and expert level in a wide range of

issues from transport security to judicial and law enforcement cooperation, and the fight against terrorist financing. The inclusion of counter-terrorism clauses in the EU agreements with third states, and fulfilment of their provisions, remains one of the primary goals. In the international fora the EU will continue to deploy all possible efforts to attain international consensus on the Comprehensive Convention on International Terrorism.

Non-Proliferation of Weapons of Mass Distraction, SALW and Arms Export: in December 2005, the Council endorsed a revised list of priorities for a coherent implementation of the EU WMD Strategy. This will serve as guidance for EU activities in 2006. The EU has concentrated its efforts on strengthening the international non-proliferation system; the universalisation of multilateral agreements, reinforcing strict implementation and compliance with these agreements, assisting third countries, and cooperating further with key partners.

European Security and Defence Policy: growing demand for EU support and expertise in world affairs and willingness to act as a global player enabled it to strengthen its military and civil capabilities. Several new ESDP operations were launched. Conducting no fewer than seven operations simultaneously, on four continents has been a key component of ESDP's success. The EU has been working to step up the modernisation of European armed forces, especially in the areas of technology, deployability and interoperability. An important step was achieved with the adoption of the Requirements Catalogue 05 in November 2005. The establishment of the European Defence Agency and Headline Goal 2010 has led to the revision of the European Capability Action Plan. The EDA is focusing its efforts on solving critical European shortfalls, such as in Command, Control and Communications, intelligence and strategic air reconnaissance. Work continued on developing the EU's rapid response capabilities, the cornerstones of which are the battle groups. The paper goes on to show that relations with NATO continued to be of particular relevance in the context of ESDP. EU-NATO cooperation in military crisis management is governed by the "Berlin plus" arrangements agreed in 2003. The conduct of Operation ALTHEA under these arrangements as well as cooperation with NATO in its remaining tasks in Bosnia and Herzegovina went smoothly and satisfactorily The EU and NATO also coordinated their support to the AU in Darfur, in particular as regards strategic airlift.

Western Balkans: the EU achieved quite a remarkable progress in the frame of the Thessaloniki agenda. Visibly, all the countries in the region went up one step on the ladder towards closer relations with EU in 2005. Croatia began EU accession negotiations in October, the former Yugoslav Republic of Macedonia got EU candidate status in December, negotiations on a Stabilisation and Association Agreement with Albania were almost completed, and the same negotiations began with Serbia and Montenegro in October and with Bosnia and Herzegovina in November. Work on a Regional Trade Agreement, which will facilitate regional trade and replace the 31 bilateral trade agreements in the region, also got well under way under the guidance of the Stability Pact. In December, the Council agreed the Partnership Agreements with each of the Balkan countries, which sets out the priorities for the next 12 months.

The Euro-Mediterranean Partnership: a Euro-Mediterranean Summit was held in November 2005, in Barcelona, and a Five Year Work Programme as well as a Euro-Mediterranean Code of Conduct Countering Terrorism were adopted.

Middle East Peace Process: commitments by Israel and PA made in Sharm-el-Sheikh and the conclusion of the "Agreement on Movement and Access" between Israel and the Palestinian Authority were important steps forward in the region. On the basis of this agreement, an international crossing point between Egypt and Gaza at Rafah was opened on 25 November with the EU - in the framework of an ESDP mission (EU BAM Rafah) - performing the role of the third party. The EU agreed to establish an EU Police Mission for the Palestinian Territories (EU COPPS) building on the work of the EU Coordination Office for Palestinian Policing Support. This mission, launched on 1 January 2006, aims to support the Palestinian Authority in establishing sustainable and effective policing arrangements and is a part of the EU's institution-building programmes and other international efforts, as in the security sector and criminal justice reform. The EU has welcomed Israeli withdrawal from Gaza and parts of the northern West Bank, which was pursued by the Israeli government against considerable internal opposition. Palestinian parliamentary elections conducted in a free and fair electoral process resulted in a landslide victory for Hamas. The EU and the Quartet made it clear that they expect the new Palestinian Government to commit itself to the principles of non violence, recognition of Israel, and acceptance of previous agreements and obligations including the Roadmap.

Iran: Iran's nuclear programme remained in the focus of the EU's attention throughout 2005. Negotiations conducted with Iran by France, Germany and the United Kingdom, supported by the High

Representative failed so far to reach an agreement on objective guarantees that Iran's nuclear programme was only intended for peaceful purposes. The EU then focused its efforts on maintaining a strong international consensus in order to persuade Iran to return to full suspension and thus allow for a restart of negotiations. The EU also held several negotiating sessions with Iran on a Trade and Cooperation agreement and a Political Dialogue agreement. However, when Iran in August restarted uranium conversion, the negotiations were stopped. Efforts trying to persuade Iran to return to full suspension of enrichment-related and reprocessing activities will continue.

Iraq: the EU continued to make substantial contributions to the International Reconstruction Fund Facility for Iraq. As part of its efforts to help address the urgent needs of the Iraqi criminal justice system the Council adopted a Joint Action on the EU Integrated Rule of Law Mission for Iraq in March 2005. Rule of Law Mission provides training for high and mid level officials in senior management and

criminal investigation. Political dialogue at all levels is expected to continue in 2006 with the general aim of supporting the constitutionally elected Council of Representatives and the new Government in accordance with the needs established by Iraq, including, if requested, through supporting the process of implementing the Iraqi Constitution.

Challenges ahead: as several unexpected developments, such as the south Asian Tsunami and the energy crisis between Russia and Ukraine have shown, the EU needs to continue its efforts to build up its culture

of prevention and forward planning for addressing the emerging conflicts and challenges ahead. The central task in this field remains how to improve the link between early warning and early action. The report goes on to emphasise the need to improve the promotion of democracy in the Union's foreign and security policy.

Financing the CFSP: the CFSP budget for 2006 agreed in the 2005 Budgetary process is EUR 102.6 million. In a report noted by the Political and Security Committee, on "CFSP Budget - priority action for 2006 and 2007", a number of foreseeable actions were indicated in the area of civilian crisis management, non-proliferation of WMD and SALW, EUSRs and counter-terrorism. Among the challenges ahead, notably EU action in Kosovo is likely to require substantial means. According to the TEU Article 28(3), operating expenditure shall be charged to the budget of the European Communities, except for cases where the Council acting unanimously decides otherwise. In the discussions within the Council on a contingency basis on how any shortfall might be covered in the event of the amount allocated to the CFSP budget proving to be insufficient, an increase in the CFSP budget within the Community budget was the clear preference for Member States.

Lastly, a review of the ATHENA-mechanism is envisaged in course of 2006.