

Achievements of the Czech Presidency

Europe without Barriers

1 January – 30 June 2009

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Introduction

Internal and external conditions

The first six months of 2009 will go down in EU history as a period of demanding trials as a consequence of a complicated economic and political situation. During these months the EU Member States and their citizens had to confront a serious economic crisis and also an extremely uneasy situation on the international scene, particularly at the beginning of the year. For these and a number of other reasons, the conditions the Czech Presidency had to operate in were exceptionally challenging.

The 3 E's and a Europe without Barriers

Before starting its Presidency the Czech Republic chose to express its main priorities as the 3 E's – the Economy, Energy and the European Union in the world. These issues turned out to be extremely topical and valid, not only for the first six months of 2009. In these areas it will also be necessary in the future to gather all our joint strength in order for the EU to stand the test and show itself to be an asset for its citizens, even in times of instability. The EU and the Member States must therefore make the most of the possibilities offered by the integration project and work together to remove the barriers to the full utilisation of its potential. Due to the economic crisis and the threat of protectionism it brought with it, the Presidency motto gained new meaning and symbolism. As the country presiding over the Council of the EU and the European Council, the Czech Republic made a very intensive effort to turn a "Europe without Barriers" into a shared value and a common goal for the EU.

Institutional reform

Another important task for the Czech Presidency was to contribute to ensuring a future stable institutional framework for an enlarging EU. The EU must be able to work flexibly and in a democratic manner, and at the same time, occupy a position on the international scene which corresponds to its political and economic capacity. In this respect, the Presidency did a great piece of work searching for a common solution to the question of completing the ratification of the Lisbon Treaty so that it could enter into force by the end of 2009. The adoption of the so-called Irish guarantees by the European Council in June 2009 paved the way for a new referendum in Ireland and thereby for the completion of the ratification of the Treaty in all 27 Member States. The Czech Presidency likewise assumed its responsibility and initiated the process of appointing a new Commission for the next term of office from 2009 to 2014. At the European Council in June, chaired by Czech Prime Minister Jan Fischer, a unanimous political agreement was reached to nominate José Manuel Durão Barroso as candidate for the post as President of the next Commission. Empowering the Czech and the incoming Swedish Presidency to lead the negotiations on this candidate with the European Parliament was a prerequisite for ensuring institutional continuity.

3 E's – Balance sheet

Concrete results

The Presidency managed to reach a number of tangible results in all three priority areas in the first half of 2009. In terms of legislation, close cooperation with the Member States and the EU institutions, primarily the European Parliament, ensured successful completion of the negotiations on more than 80 concrete measures. Also in the non-legislative area there were a number of exceptional achievements, such as the handling of the foreign political and energy crises at the beginning of the year, the refusal of protectionist tendencies, the decisive measures to support the European economy, the steps to diversify the supply of energy and protect the climate as well as the outcomes of the meetings with key EU partners from other parts of the world.

Economy

Coordinated approach to the financial and economic crisis

As far as the economy is concerned, the Czech Presidency reacted to current problems and threats as a result of the financial crisis and the economic recession. The EU has made considerable progress in implementing the European Economic Recovery Plan as the main tool to restore economic prosperity.

At national level the Member States have so far adopted or announced fiscal measures which – along with automatic stabilisers – will inject more than 5% of the joint GDP into the EU

economy in 2009 and 2010. At the same time, the Member States have repeatedly confirmed their determination to respect the rules of the single internal market, the competition rules and the Stability and Growth Pact, especially when it comes to long-term sustainability of public finances.

Investment and financial guarantees to restore confidence and stability

Measures were also taken in the banking sector – by means of guarantees and recapitalisation the Member States granted the banks potential aid amounting to more than 30% of the EU GDP, which made a major contribution to the stabilisation of the financial markets and the maintenance of credit flows.

A positive message from the Spring European Council was the compromise on a EUR 5 billion package earmarked for projects in the field of energy, broadband Internet and measures related to the health check of the Common Agricultural Policy.

In the context of addressing the global economic crisis, the agreement on the Member States' contributions to increase the resources of the International Monetary Fund in the form of loans to EUR 75 billion, was crucial. At the European Council in June the Member States confirmed, in principle, their readiness to accept their share of the financing of any additional needs of the IMF based on a fair global distribution of the burden, if they arise. It was also agreed to double the limit on EU balance-of-payments assistance facility for the Member States outside the euro area from EUR 25 billion to EUR 50 billion.

Rejection of protectionist measures

During the Czech Presidency, a fundamental consensus was reached on the importance of a common and coordinated approach and a clear rejection of protectionism as a means of fighting an unprecedented economic downturn. Thereby, the EU demonstrated that it is able to respond very effectively to emergencies such as the current economic crisis. It was also repeatedly confirmed that all the measures to strengthen the economies of the Member States must not cause disruption of the internal market and should not be at the expense of other EU countries. Rejection of protectionism and compliance with the competition rules are a prerequisite for the European economy to function on healthy foundations after the crisis has died down.

Measures for employment and economic growth

Regarding legislative measures the Czech Presidency managed, when implementing the Community part of the Recovery Plan, to reach an agreement on the possibility to apply reduced VAT rates for locally supplied labour-intensive services. This agreement represents an important contribution to maintaining employment in the most vulnerable sectors of the economy and should help in particular SMEs. As part of the measures to fight the effects of the economic and financial crisis, amendments to three regulations on the Structural Funds and the Cohesion Fund were also adopted. They will contribute to accelerate the drawing of funds from the EU budget. Another measure was the revision of the Regulation establishing the European Globalisation Adjustment Fund, which aims to help workers who lost their jobs due to globalisation and the global financial and economic crisis more effectively.

Better regulation of financial markets

Changes in the regulation of financial markets and financial supervision make up a separate chapter in the fight against the current economic crisis. During the Czech Presidency significant progress was made towards restoring confidence in financial markets. The negotiations on all key legislative proposals in the financial services area which the Presidency set as its objective were concluded successfully. They include the Solvency II Directive in the field of insurance, the regulation on credit rating agencies, the Capital Requirements Directive in the banking sector, legislation on cross-border payments in euro and electronic money institutions. During the Czech Presidency there was also a major debate at political level on the overall reform of the regulation and supervision of financial institutions in the EU based on a report by the High-Level Group on financial supervision led by Jacques de Larosière and a communication from the Commission on supervision of the financial markets in the EU. In the context of this debate the Member States reached agreement on the fundamental elements of reform, which should ensure the financial stability of the economies of the Member States as well as individual financial institutions. The June European Council confirmed the direction the Commission chose to move in when preparing future legislative proposals. The support expressed to the plans of the Commission should result in specific legislative proposals in the autumn of this year.

The European Council in June pointed out the success of the measures to combat the economic and financial crisis and stressed the importance of continuing in implementation of the measures contained in the European Economic Recovery Plan. At the same time it confirmed the need for a credible exit strategy for public sector involvement in the economy.

EU on the international scene –G20 Summit

Represented by President of the European Council Mirek Topolánek and Commission President José Barroso, the EU also significantly contributed to the high-quality preparations for and successful organisation of the London G20 Summit, where agreement was reached on a major increase in the resources of the International Monetary Fund and funds spent through other international institutions to combat the consequences of the global economic recession. In the context of the summit concrete steps to strengthen financial supervision and regulation were also agreed upon and a prior commitment made at the Washington summit to refrain from protectionist measures was confirmed. The strong position of the EU which led to the overall success of the London summit was also achieved thanks to the common conclusions adopted at the Spring European Council.

Energy

Common approach to the gas crisis

The January crisis over the supply of Russian gas to Europe was a real test of unity and solidarity in the EU due to the very serious situation in some Member States. A solution was found that ensured that all EU actors consistently spoke with one voice. The active approach and diplomatic efforts of the Czech Presidency significantly contributed to the fact that Russia and Ukraine finally resolved their mutual economic dispute and that the supply of gas to Europe was restored.

Energy security

In order to reduce the negative impacts in the event of a repeat of the crisis from the beginning of the year, the Presidency - in accordance with its programme - then focused on steps to strengthen medium- and long-term energy security across the EU. Funding for specific projects to promote energy security was strengthened, inter alia by the above decision at the Spring European Council, which in response to the gas crisis approved spending nearly EUR 4 billion on projects in this area.

Southern Corridor Summit

An important step to strengthen the energy security of the EU was the all-out support to all activities designed to enhance the diversification of energy sources and transport routes through the Southern Corridor. The Czech Presidency saw the Southern Corridor as a stretch of land that could spread prosperity, stability and security in the Southern Caucasus, Central Asia and the Middle East - as a modern silk route, along which goods, people and technology could flow, in both directions. The basic building blocks for creating this corridor are primarily energy cooperation and, in second place, cooperation in the field of transport. The climax of these Presidency efforts was the summit "Southern Corridor - New Silk Route" in Prague, where representatives of the EU and some producer and transit countries signed a joint declaration expressing support for the concept of the Southern Corridor.

Strategic energy review

The Czech Presidency completed the discussion on the strategic priorities of the Second Energy Review which informs about the key challenges of EU energy policy and is focused on energy security, external relations and the development of infrastructure. The outcome of this discussion will form the basis of the second Energy Action Plan.

Integration and liberalisation of the energy market

In order to introduce a common energy policy, it is necessary to have a fully integrated and liberalised internal market, which is also a means of increasing energy security in Europe. A great success in this regard is the approval of the third liberalisation package, which will contribute to greater integration, liberalisation and regional cooperation on the energy market. The adoption of this package of measures will significantly enhance the independence, powers and responsibilities of the energy regulator as well as consumer protection, while respecting the principle of subsidiarity, thus leaving sufficient space for decisions by the Member States.

Energy efficiency

Promoting energy efficiency also contributes significantly to increasing energy security. This is one of the objectives of the above-mentioned revision of the Regulation on the European Regional Development Fund, which enables the financing of investments in improving energy efficiency and the use of renewable sources in buildings used for housing. The Czech Presidency also successfully completed negotiations on the revision of the Eco-design Directive.

Climate protection

At the March and June European Council meetings, the EU also confirmed its ambitious goals as regards the greenhouse gas emissions reduction and the financing of mitigation and adaptation measures in developing countries. Clear priorities and targets were also set to be met before the UN Climate Change Conference in Copenhagen, in December this year.

European Union in the World

EU as a global player

Currently, the growing international economic and political instability confirms the long-term assumption that in order to succeed in the global competition, the EU must resolutely assume its role as a global player and occupy a position in the field of international politics that corresponds to its economic and political potential.

Conflict in Gaza

The very start of the Presidency was significantly affected by the armed conflict in the Gaza Strip, which erupted at the end of December 2008. On behalf of the EU the Presidency immediately started negotiations in order to bring about the earliest possible conclusion of a ceasefire. The efforts of the Presidency made a major contribution to the opening of humanitarian corridors and the subsequent convening of a donors' conference to support the Palestinian economy at the beginning of March in Sharm el-Sheikh, which included a meeting of the Middle East Quartet.

Eastern Partnership

The EU has specific responsibilities towards the countries in its immediate neighbourhood. However, so far it has lacked a coherent policy towards the east. For this reason, the Czech Presidency invested considerable energy and political capital in the Eastern Partnership Project, which was approved at the Spring European Council and successfully launched at the summit in Prague. The launch of this project, which has a budget of EUR 600 million, is an important step in the direction of a higher level of EU commitment towards its eastern neighbours, providing benefit to both parties involved.

EU enlargement

As regards the qualitatively distinct process of the enlargement of the EU and the efforts to strengthen the European perspective of the Western Balkan countries, the Presidency had limited room for manoeuvre due to the situation in the area. However, despite the suspended accession talks with Croatia, progress was made also in this area, particularly in the process of visa liberalisation with the countries of the region, regional cooperation and the issue of student mobility. The Czech Presidency also made sure that the application of Montenegro was brought before the Commission for assessment. Furthermore, it received an application for EU membership from Albania. At the end of the Presidency a certain development in the negotiations with Turkey was also reached.

Transatlantic cooperation

Relations with the USA constitute a foremost aspect of European foreign policy, the USA being the EU's most important natural partner and strategic ally. After the newly-elected President took over the White House, contacts were established with his Administration and discussions began on intensive cooperation to face the most urgent global challenges jointly. A key event in this respect was the first meeting of President Barack Obama with all the EU leaders at the informal summit in Prague, which laid a solid basis for the deepening of cooperation between the two sides of the Atlantic. The main themes of the informal summit were the economy and the economic crisis, energy, climate change and security issues related to the development in Afghanistan, Pakistan and Iran. In the area of transatlantic relations, the Czech Presidency also continued the intensive cooperation with Canada, which culminated in the official opening of negotiations on the Comprehensive Economic Partnership Agreement at the May EU-Canada summit in Prague.

Evaluation of the Work Programme

General Affairs

EU Institutional Arrangements

The future of the Treaty of Lisbon was a major theme in the first half of 2009. Following the conclusions of the December 2008 European Council, the Presidency looked for concrete solutions which would take into account the concerns expressed by the Irish voters in the negative referendum on the Lisbon Treaty in June 2008 and make it possible to complete the ratification process in the EU. It was imperative that such a solution should not, in any way, alter the Lisbon Treaty itself and thus give rise to a need for re-ratification. The result of nearly half a year's negotiations, which culminated at the European Council on 18-19 June 2009, was the approval of the package of **Irish guarantees on the Treaty of Lisbon**. It consists of a decision of the Heads of State or Government of the 27 EU Member States in relation to the concerns of the Irish voters on the Lisbon treaty, a solemn declaration on the rights of workers, social policy and other issues as well as a unilateral declaration made by Ireland, which refers to its traditional policy of military neutrality. At political level, the leaders confirmed the commitment made already at the European Council in December 2008, that if the Treaty of Lisbon enters into force, measures will be taken to ensure that each Member State will continue to have its own Commissioner, also after 2014.

The above-mentioned decision, which is legally binding for the Member States, contains guarantees in the areas of the right to life, the family and education, taxation, security and defence. These guarantees, however, only have the character of an explanatory assurance, which does not alter the Treaty of Lisbon. Thus, the Presidency was able to negotiate a text which, taking into account the interests of other countries, responds effectively to all the concerns of the Irish voters about the Lisbon Treaty and at the same time does not create a need to re-open ratification in any EU Member State. The European Council also made a political commitment that at the next EU enlargement the provisions of the decision will be added to the founding treaties as a protocol. The approved guarantees will allow the Irish Government to hold a new referendum on the Lisbon Treaty in the autumn of this year. A positive outcome is a necessary prerequisite for the entry into force of the Treaty.

Another success in addressing institutional issues was a political agreement on the **candidate for President of the Commission** for the period 2009-2014. At the June European Council the Heads of State or Government unanimously agreed that José Manuel Durão Barroso is the person they intend to nominate for this post. The Presidency thus met the challenge of the European Council in December 2008 to initiate the process of appointing a new Commission, and in particular to nominate its President, immediately after the European Parliament elections in June 2009. The European Council also granted the current and upcoming President of the European Council - the Czech and Swedish Prime Ministers - a mandate to negotiate on the nominee with the European Parliament.

The June European Council under the leadership of the Czech Presidency also reaffirmed and clarified the commitment contained in the declaration from December 2008 on the transitional arrangements relating to the composition of the European Parliament. When the conditions set out in the declaration are met, the necessary steps can be taken to **increase the number of Members of the European Parliament** from countries to which the Lisbon Treaty – unlike the Nice Treaty - guarantees a higher number of MEPs.

EU Enlargement

During its term of office the Czech Presidency focused on progress in the accession negotiations with Croatia and on unblocking this process with regard to the Slovenia-Croatia dispute. In this context, it encouraged the submission of a mechanism to solve the problem by means of arbitration.

The Czech Presidency also made sure that the application of Montenegro was brought before the Commission for assessment. Furthermore, it received an application for EU membership from

Albania. However, due to the parliamentary elections in Albania (on 28 June 2009) the application will not be addressed by the EU Council until some time during the Swedish Presidency.

Under the Czech Presidency, negotiations were also pursued with Turkey, which is one of the strategic allies of the EU. The Presidency sought to open new negotiation chapters and to achieve progress on the Energy Chapter. The opening of a new chapter on Taxation represents a concrete step forward in accession talks.

Economic and Financial Affairs

Financial Market Recovery and Development

Given the current economic and financial crisis, the financial services sector became one of the key areas of Community interest during the Presidency. The EU responded to the adverse developments with increased legislative as well as non-legislative activity.

The issues related to the crisis and to ensuring a coordinated response by the EU represented a major topic in the field of financial markets. The Council, led by the Czech Presidency, paid attention to the situation in the banking sector and to restoring credit flows into the real economy. In this respect, the Council adopted **conclusions on banking capital** in which it reaffirmed that the means provided to banks in relation with recapitalisation measures of Member State Governments should not be construed as an increase in the bank capital adequacy requirement, as the main objective of the measures was to support credit for businesses and households. Also, the Council reached an **agreement on common principles for dealing with impaired assets**, supplementing the strategy for supporting the financial sector adopted in October 2008. These principles include a consistent approach to the valuation of assets, risk-sharing by banks, and full transparency while maintaining a degree of flexibility in the choice of measures and the eligible assets, and careful monitoring of the implementation of the measures. The Ministers also paid attention to the issue of accounting standards related to financial instruments, with the aim to endorse the application of similar rules in the USA and Europe and to prevent a possible distortion of the level playing field between American and European banks. A clear signal was sent to the International Accounting Standards Board (IASB) to speed up work on the revision of financial reporting standards, so that the new rules would be available already for 2009 financial statements.

Another key item on the agenda of the Czech Presidency was the issue of the reform of supervision over the financial market in the EU in order to prevent a recurrence of the financial crisis in the future. On the basis of the task assigned by the Spring European Council and the recommendations of the Jacques de Larosière Group, the first deeper discussion concerning the direction of the planned reform of EU financial market supervision took place at the April informal meeting of Ministers for Economic and Financial Affairs and Governors of Central Banks in Prague. At the end of May, the Commission presented specific proposals for the reform and at the June ECOFIN Council meeting, the Czech Presidency managed to broker a key agreement on the fundamental principles of the reform. The Member States agreed to **set up a European Systemic Risk Board (ESRB)** – a new independent body to oversee macro-financial stability in the EU, monitor and assess risks to financial stability and, if necessary, issue warnings and recommendations. At the micro-level, the Ministers gave the green light to the establishment of a European System of Financial Supervisors (ESFS), which will be built around three new European Supervisory Authorities (ESAs) created through the strengthening and conversion of the Lamfalussy level three committees (CEBS, CEIOPS, CESR) and endowed with legal personality. The task of the ESFS will be to harmonise the European supervisory framework and ensure consistent application of EU rules in the Member States. The June European Council endorsed these fundamental reform elements and called for a rapid adoption of relevant legislative proposals. Since the Commission proposals have received support from the EU Member States, the main legislative proposals can be expected to be submitted as soon as in the autumn and could enter into force already in the course of the next year. The European Council also stressed that decisions taken by the European Supervisory Authorities should not impinge in any way on the fiscal responsibilities of Member States.

A major achievement of the Presidency is the brokered agreement on all of the legislative proposals concerning financial services¹ during the term of office of the outgoing European Parliament. These proposals are aimed at enhancing the stability of the financial system in the EU and supporting further integration and development of the European financial services market:

The Regulation on Credit Rating Agencies is an act of not only European, but also global impact. The Regulation provides for the conditions for registering rating agencies in the EU, and rules for issuing ratings, for preventing conflict of interest, and for increasing the transparency of agencies. In addition to the original proposal submitted by the Commission, the regulation also includes rules concerning non-European agencies issuing ratings used by financial institutions in the EU, and the surveillance of rating agencies carried out by colleges of supervisors. The agreement constitutes a major step towards enhancing EU financial market transparency.

Key priorities also included the **revision of the Capital Requirements Directive (CRD)**, on which the Czech Presidency successfully brokered an agreement. The amendment to this directive represents the first major contribution to a thorough revision of the banking regulation system and to the removal of its main shortcomings, which became evident during the financial crisis. The amendment introduces tighter rules for large exposures, greater harmonisation of hybrid capital instruments and an overhaul of the securitisation regulatory framework.

The **Solvency II Directive**, introducing a new solvency regime for the insurance sector, was a particularly challenging issue, which the Czech Presidency brought to a successful conclusion. The directive constitutes a fundamental reform of the regulation of the insurance sector and replaces the thirteen existing directives for the sector with one legal act. Following a demanding and difficult series of talks, the Presidency successfully completed the two-year negotiations on the directive.

The Regulation on cross-border payments responds to the development of the cross-border payment market, in particular to the establishment of the Single Euro Payments Area (SEPA). The new regulation will enhance consumer rights protection and promote the development of a modern and efficient payment system within the EU. In addition, it is also applicable to cross-border direct debit payments.

The Presidency brought to conclusion discussions on the **revision of the Directive governing the conditions for issuing electronic money**, managing to meet the targets set at the beginning – the removal of high regulatory barriers preventing the development of the e-money market in the EU and the creation of appropriate business conditions for e-money institutions.

Last but not least, the Presidency mediated agreement between the Council and the European Parliament concerning **the decision to establish a Community programme to support specific activities in the field of financial services, financial reporting and auditing. The principal aim of this proposal** is to enhance the efficiency of the internal market by streamlining the process of the creation and application of Community rules.

Macroeconomic and Structural Policies

Throughout the six months, the Presidency responded to the continually emerging new problems requiring rapid action. In connection with the worsening macro-financial situation in certain countries, the spring European Council, with the contribution of the Presidency, agreed to **double the ceiling of the EU balance-of-payments assistance facility for Member States outside the Eurozone**, from EUR 25 to 50 billion. The Economic and Financial Affairs Council approved the relevant amendment to the regulation at its May meeting. The decision to raise the ceiling increases the EU's ability to efficiently stabilise economies affected by the crisis. Assistance under the facility is already being received by Hungary and Latvia, and the May meeting of Finance Ministers endorsed the granting of a loan to Romania.

As part of the measures to fight the impact of the financial crisis, an agreement was concluded on **modifying three regulations concerning the Structural Funds and the Cohesion Fund**

¹ The agreed compromise wordings of all legislative proposals were adopted by the European Parliament; following legislative, technical and linguistic modifications, they will be formally approved by the Council of the EU.

(General Regulation on the Structural Funds and the Cohesion Fund, Regulation on the European Regional Development Fund, and Regulation on the European Social Fund), which should help simplify administration and accelerate spending from the Structural Funds. For example, the amended regulations expand the financing options of energy-saving measures in housing. Although the June European Council meeting highlighted particularly the importance of the European Social Fund, an agreement on further measures to increase its flexibility was not reached.

In the Council, the Presidency paid great attention to the **identification of the main challenges faced by the economic and budgetary policy in 2009** and the creation of suitable policies and measures in response to the economic and financial crisis. In the regular contribution of the Council to the Spring European Council (the Key Issues Paper, KIP), the Presidency focused on enhancing the stability of financial markets and on the efficient implementation of the Recovery Plan. In this document, the Council confirmed both the validity of the Stability and Growth Pact, which provides sufficient flexibility even in the current exceptional situation, and the willingness of the Member States to launch public budget consolidation at the earliest date possible. The commitment to maintain sound public finances and adhere to the Stability and Growth Pact was also confirmed by the European Council in June. During the Czech Presidency, the excessive deficit procedure was opened against four Member States, and other Member States will be subject to deepened budgetary surveillance under the Swedish Presidency. The EU Finance Ministers also emphasised the need to avoid all forms of protectionism, adhere to the principles of the EU internal market and pursue structural reforms in line with the Lisbon Strategy.

Preparing for the March European Council meeting, the Council adopted **conclusions on the EU internal market and on the reduction of administrative burden**. The Finance Ministers agreed that there is a need to continue to improve and extend the range of services provided within the internal market, in spite of the present unfavourable macroeconomic developments. A functional internal market is a necessary prerequisite for strengthening the competitiveness, resistance and growth potential of European economies. The reduction of administrative burdens constitutes a key element of the renewed Lisbon Strategy and could help mitigate the impacts of the crisis in a fiscally neutral manner.

The Presidency priorities included the **long-term sustainability and quality of public finances**. The Ministers of Finance agreed that the present recession and adverse economic outlook further enhance the urgent need to address the impact of the ageing of the European population on the performance of the economy and the public finances of the EU Member States. The Council reaffirmed its commitment to further pension and health-care reforms, structural reforms and a prudent fiscal policy.

Another important topic which the Presidency addressed in the context of the preparation of a future common EU position for the December UN climate change conference in Copenhagen was the issue of international **funding of the fight against climate change**. At their meeting in June, the EU Finance Ministers made an important step forward by reaching a consensus on concrete aspects of the financial architecture that should support the climate policies and on the main principles for global distribution of the costs of such support, i.e. the ability to pay (depending on the economic level) and the responsibility for released emissions. The Council conclusions were subsequently endorsed by the June European Council. In this way, the EU expressed its preparedness to enhance and make more transparent the financial flows in this area, and to strive for a fair distribution of the burden involved in fighting climate change, thus sending out an important signal to third countries ahead of the forthcoming international negotiations

International Cooperation

In the area of international cooperation, the Presidency was intensively occupied with the preparation of a common EU position for the **G20 summit in London**, where the Czech Republic, as the country holding the Presidency, represented the European Union **on 2 April**. The agreement to triple the resources of the International Monetary Fund can be considered the most significant outcome of the summit, to which the EU made a decisive contribution. EU representatives also largely succeeded in advancing their vision in terms of financial market regulation.

Finance Ministers and Governors of the Central Banks of the G20 countries attended a traditional meeting in the context of the **spring meeting of the IMF**. The aim of their meeting was to discuss the main topics for the continuation of the G20 forum and the outcomes of the London

summit in April, in the field of strengthening international financial institutions and stabilising the financial system. The participants agreed that for the G20 measures to be implemented, it is imperative (i) to finalise the increase in the resources of the IMF, (ii) to accelerate legislative changes in financial regulation and supervision, and (iii) to ensure consistent macroeconomic policies in the international context.

Fighting Tax Evasion and Modernising Tax Rules

Pursuant to the task assigned by the December European Council under the Recovery Plan, i.e. to allow those Member States that wish to do so to apply **reduced VAT rates** in certain sectors, the Presidency launched a debate in January concerning the application of reduced VAT rates to labour-intensive services. The very difficult ministerial negotiations, which took place at the following two Council meetings, led to a political agreement and the subsequent adoption of a directive that gives all Member States the permanent possibility of applying reduced VAT rates to locally provided labour-intensive services.² This measure should stimulate employment in sectors that are threatened by the financial crisis. The Presidency thus managed to close a discussion that had been conducted in the Council for many years.

The priority of the Presidency in the field of taxation was the **fight against tax evasion** – the Finance Ministers approved the act amending the directive on a common VAT system, as regards **tax evasion related to the import of goods**. As for direct taxes, the Presidency focused on **good tax administration and the fight against tax fraud**. Last but not least, it made progress in negotiations on the directive on taxation of savings income, the directive on administrative cooperation in the field of taxation, and the directive on mutual assistance for the recovery of claims. In June, the Ministers agreed on adherence to the OECD standard for exchange of tax information upon request, and its application in the EU as well as in third countries. The Presidency also focused its efforts on making further progress in negotiations with **Liechtenstein, concerning an anti-fraud agreement**. Thanks to the Presidency's efforts, a solution was found that allows the Commission to make improvements in the exchange of information with Liechtenstein, thus preventing tax evasion through Liechtenstein foundations.

Odstraněno: in

The Presidency also conducted discussions on a proposal concerning the **taxation of tobacco products with excise duty** and reached agreement on all of the technical topics discussed. However, in terms of increasing the minimum tax rate on cigarettes and other smoking tobacco, political agreement has not been reached thus far, due to the differing positions of certain Member States.

A **technical amendment modifying the VAT directive** concerning, above all, the place of supply of gas and electricity for the purpose of taxation, and the system of tax deductions in the use of property for business and private purposes, was also approved. The Presidency reached progress in negotiations over proposals concerning the VAT treatment of insurance and financial services.

Competitiveness

Lisbon Process

Against the backdrop of the economic slow-down, the importance of the **Lisbon Strategy**, as a set of instruments to **enhance the competitiveness and resistance of the European economy**, is increasing. The conclusions of the Spring European Council emphasised, among other things, the need to respect the Strategy's long-term goals in executing short-term measures responding to the adverse developments in the economy. At the same time, priority areas were announced where further progress should be reached. These include, above all, increasing the amount and efficiency of investments into research and development, education, and innovation, as part of enhancing the knowledge triangle.

The future of the Lisbon Strategy after 2010, an overall increase in the quality of its implementation, involvement of all relevant stakeholders, improvement of the implementation

² Restaurant and hairdressing services, repair and renovation of private residential buildings, home care services, window washing and household cleaning, shoe repair and repair of leather goods and household linen, and books on all media.

process and a discussion about the interconnectedness of short-term measures and the long-term priorities of the Strategy were among the main topics addressed at the April **meeting of National Lisbon Coordinators** in Prague, chaired by José Manuel Barroso. The National Lisbon Coordinators confirmed that the present economic developments constitute the main challenge for the implementation of measures that will help convert Europe into an innovative economy with a highly-qualified labour force.

Internal Market

Although the internal market constitutes the foundation of the integration process, it is not a finished project. There is room for improvement, especially in the area of cross-border provision of services, and yet this sector generates the vast majority of the EU's gross domestic product. A larger market will allow companies to achieve greater economies of scale and greater competition will bring advantages for consumers as well. True to its motto, the Presidency actively supported initiatives aimed to remove barriers on the internal market. The Competitiveness Council adopted conclusions on the **revision of the internal market strategy**, which was one of the Presidency's contributions to evaluating the progress achieved in this area.

The Presidency, in cooperation with the Commission, organised two accompanying conferences on internal market issues. The conference entitled "**EU Enlargement – 5 Years After**" confirmed the overwhelming predominance of economic benefits of the "eastern" enlargement for all the Member States as well as for the global status of the European Union as a whole. Addressing the conclusions of the conference, the EU Finance Ministers and the Ministers for Competitiveness, who attended the Prague informal meetings in April and May respectively, agreed that the historically largest enlargement of the European Union five years ago was successful both politically and economically and that, thanks to the high level of integration, it no longer makes sense to distinguish between "old" and "new" Member States. This was later confirmed in the Council conclusions.

The second event, **the Conference on the Future of Services in the Internal Market**, was centred on the implementation of the Services Directive.

The existence of a dynamic internal market is conditional on a functioning system of product standards and requirements. This is why the Czech Presidency actively **supported the revision of legal regulations governing certain technical requirements for products** in the context of the technical harmonisation process, with the aim to simplify the legal environment and contribute to enhancing manufacturer responsibility and aspects of in-market control, thus facilitating the free movement of goods.

With the contribution of the Czech Presidency, the proposal for a **Regulation on cosmetic products** was approved, ensuring a high level of safety of cosmetic products by increasing manufacturer responsibility and strengthening controls on the internal market, while reducing administrative burdens.

Last but not least, a **Regulation setting type-approval requirements for the general safety of motor vehicles** was approved, providing for harmonised rules concerning the construction of motor vehicles in terms of the compulsory fitting of certain advanced safety features and the introduction of measures for reducing vehicle noise and cutting CO₂ emission through tyre modifications.

During the Czech Presidency, agreement was reached between the Council and the European Parliament, which approved the proposed **Directive on machinery for pesticide application**, regulating the requirements for machinery for pesticide application, with the aim of reducing the adverse impact of pesticides on human health and the environment due to the use of machinery.

During the Presidency, debates were finalised concerning the **Directive on simplifying terms and conditions of transfers of defence-related products within the Community**. This is an important step towards enhancing the competitiveness of the European defence industry, in particular thanks to the streamlining of licence regimes.

Competition

Although this area falls within the remit of the European Commission, the Presidency emphasised on every occasion the need to respect the competition rules when preparing anti-crisis measures. In close cooperation with the Commission, for example, it helped develop a **common framework for the schemes of fleet renewal** ("scrapping schemes") and **revise the framework for providing state aid to small and medium-sized enterprises**. The enormous pressure on the very foundations of the internal market was successfully managed. Senior representatives of the EU repeatedly confirmed that the full use of the potential offered by the internal market is one of the ways of mitigating the impact of the economic crisis.

In terms of economic competition, an **Agreement on cooperation between the EU and the Government of the Republic of Korea concerning anti-competitive activities** was approved. This is a so-called first-generation agreement, under which signatory countries exchange information, or, more precisely, information that is not confidential or sensitive, about the anti-competitive practices of companies. The agreement on cooperation makes it possible to improve coordination in uncovering and prosecuting serious anti-competitive practices at global level.

Better Regulation

A key factor in increasing competitiveness is the reduction of regulatory and administrative burdens, which should make business easier especially for small and medium-sized enterprises. The European Council had previously approved the goal of reducing the administrative burden on businesses by 25% by 2012. A number of Member States have already started implementing national plans to reduce excessive administration resulting from their legislation. In response to the Third Strategic Review of the Better Regulation initiative, submitted by the Commission in January 2009, the Presidency presented a **progress report on the Better Regulation agenda**, followed by Council conclusions on Better Regulation adopted in May. The conclusions underscored the urgent need to apply principles aimed at improving the regulatory environment, in particular in light of the present economic situation, and with a view to the need of pursuing this agenda after the new Commission takes office.

The Council also approved a new approach to the monitoring of progress in meeting the target of reducing administrative burdens in the form of regular annual reports, which will be submitted by the Commission to the Spring European Council. Further, the Council asked the Commission to present reduction proposals for all priority areas before the end of its term of office. The Commission was also asked to present a clearly structured and detailed presentation of the calculations of the expected administrative burden resulting from new legislative proposals. Furthermore, the Council pledged to examine impact assessments already at the early stages of the preparatory work when the Commission presents its annual roadmaps concerning the proposals listed in its legislative and work programme.

Research and Development; Innovation

In cooperation with the General Secretariat of the Council, the Presidency drew up a text concerning research and development for the **Key Issues Paper**, which provided the basis for a working group discussion and was subsequently approved by the March Competitiveness Council. The main message, unanimously endorsed by all Member States, was that in spite of the period of economic recession, the level of research and development expenditures should be at least retained. Efficient use and evaluation of these investments was also requested.

At the May meeting of the Competitiveness Council, political agreement was found on a **proposal for a Regulation on the Community legal framework for a European Research Infrastructure Consortium (ERIC)**, which has an immediate impact on the future of building large research infrastructures in Europe. The aim of the proposal was to set up a new legal form of European-level research infrastructures and provide the newly-established infrastructures with the status of international organisations, thus exempting them from VAT payments. In its conclusions, the Council also discussed the construction of large infrastructures in the context of regional development. In addition to the better management and evaluation of research infrastructure, the conclusions also touch upon the uneven distribution of these facilities throughout Europe. Finally, the Council addressed the efficiency of investments into research against the backdrop of

conclusions concerning the impact assessment of framework programmes, and also the issue of human resources in research.

Building on the results of the December meeting of the Competitiveness Council, which adopted the Council conclusions on the Ljubljana Process – **the ERA VISION 2020** – the May Council adopted **conclusions concerning the implementation of the ERA**, appended to which is a report on its current status and the research tools for its implementation. Last but not least, the document also contains proposals for steps to implement the VISION, drawn up by the Czech Presidency. In this respect, Sweden declared its preparedness to take up the agenda during its Presidency and work on further steps concerning the future management of the European Research Area.

During the Presidency, the sixth **meeting of the Space Council** was held. Its members greatly emphasised the need to enhance innovation and research in relation to aerospace activities; they also stressed the impact of those activities on increasing competitiveness, the need to cooperate with small and medium-sized enterprises and to ensure a speedy implementation of the programme of Global Monitoring for Environment and Security, the strategic goal of which is to harmonise fragmented national standards in the field of global environment and security monitoring in the whole of the EU. The potential benefit of aerospace research for the development of innovations and competitiveness in the context of the European Economic Recovery Plan was further confirmed by the adoption of a resolution of the same name by the Competitiveness Council. In the sphere of innovation, the May Competitiveness Council approved a Presidency report on progress in innovation, which summarises and evaluates the activities undertaken in implementing the European Innovation Strategy.

The Presidency managed to mediate agreement between the European Parliament, the Council and the Commission as concerns the proposal to establish a **European Metrology Research Programme**, which is aimed to link 22 national metrology research programmes in an effort to increase the efficiency and effectiveness of public metrology research.

Small and Medium-Sized Enterprise Policy

Small and medium-sized enterprises form the backbone of the EU economy and create a great number of jobs. The Presidency's activities in this area were based on the **implementation of the European Small Business Act**. In order to support the SMEs during the economic crisis, the Presidency discussed several legislative acts. For example, the Czech Presidency succeeded in reaching agreement on the **Directive on reduced VAT rates on locally provided labour-intensive services**. The Presidency also pursued debates on the **Regulation on the statute for a European private company** and launched discussions on amendments to the **Late Payments Directive**, which aims to revise steps to be taken against late payments in trade between companies, and between public authorities and companies.

Company Law

The Presidency pursued discussions on the proposal for a **Regulation on the Statute for a European private company**, aiming to offer EU small and medium-sized enterprises a unified form of company that will allow them to use their potential and facilitate the development of cross-border activities.

Furthermore, the Presidency focused on the modernisation and simplification of the business environment. It succeeded in brokering a deal on the proposal to **simplify the 3rd and 6th directives**, which sets a limit on reporting and documentation requirements in mergers and divisions. Thanks to this measure, companies could save as much as EUR 165 million a year.

Protection of Intellectual Property Rights

As regards the **industrial property**, the debate on the proposal to set up a **unified patent judiciary** was continued on the basis of two consecutive Presidency documents. The recommendation to the Council granting the Commission a negotiating mandate for concluding an agreement was also discussed. The adoption of an agreement in principle at the Competitiveness Council meeting on 28 May concerning the **Request for an opinion by the European Court of Justice on the compatibility with the EC Treaty of the envisaged Agreement creating a unified patent litigation system** is a major success and represents a significant contribution

towards progress in the talks on a patent judiciary. Debates also focused on the revised and completed wording of the proposal for a Regulation on the **Community Patent** and on strengthening cooperation between patent offices under the Community Patent. Attention was also paid to the economic aspects of the Community Patent and of the patent judiciary.

In March, the Competitiveness Council adopted a resolution establishing an **action plan for the combat against intellectual property rights infringements for 2009 - 2012**. The plan, drafted by the Czech Presidency, proposes action in the fields of legislation, operational cooperation between customs authorities within the EU and in third countries, international cooperation, cooperation with the owners of rights as well as communication and public relations with the objective to improve the situation as regards intellectual property rights enforcement. The action plan is expected to help increase the efficiency of the combat against intellectual property rights infringements in the EU.

Finally, the Czech Presidency drew up a set of user requirements for a **new information system** (COPIS) that will improve the exchange and sharing of information needed for the adoption of Community measures aimed to protect intellectual property rights. The Commission accepted this proposal and the new system is expected to be fully functional in 2012.

Consumer Protection

The aim of the Czech Presidency in the field of consumer protection was to achieve maximum progress in discussions on the proposed **Consumer Rights Directive**. The proposal combines the four existing directives and is aimed to contribute to removing the barriers in the internal market, especially in cross-border shopping. After complex negotiations the Presidency drew up the first consolidated version of the proposal.

The Presidency also negotiated a mandate for the Commission to launch negotiations with the USA concerning the conclusion of an agreement on cooperation in the enforcement of consumer-protection laws.

Industry

In the first half of the year, key sectors of the European economy felt the impact of the crisis. Given the increasing threats, especially to the car industry, the Presidency called on the Commission to adopt an approach to the impact of the crisis on this sector and on measures taken by Member States to revive demand. In February, the Commission issued a **Communication "Responding to the crisis in the European automotive industry"**, in which it set out a significant framework for measures to support the automotive industry, including steps to enhance coordination of fleet renewal schemes at European level.

A debate on providing support to the car industry was conducted both at the extraordinary March European Council and the spring European Council. The Commission was asked to ensure, as part of the existing European framework that it had set out for the industry, a rapid and purposeful exchange of information about planned national measures, and to carefully monitor measures taken in third countries. In March, the Competitiveness Council discussed and adopted **Council conclusions on the crisis in the automotive industry drafted by the Presidency**.

The Presidency's achievements include the adoption of the conclusions entitled **"An integrated approach to a competitive and sustainable industrial policy in the European Union"** by the Competitiveness Council in May. The Presidency managed to reach agreement while the need was emphasised to respect the rules of the internal market and state aid as well as the necessity to thoroughly assess the impacts of legislation on competitiveness. The Member States stressed the urgency of measures in support of industry and the need for structural change in order to prevent the crisis from recurring.

Simplification of Customs Clearance

At the March meeting of the Council for Economic and Financial Affairs, the Member States signed a Convention on Centralised Customs Clearance. The Convention sets out rules for the redistribution, between the Member States concerned, of a proportion of collected customs duties that is retained

in the national budget. Thus, conditions are met for the introduction of centralised customs clearance, which will simplify the clearance procedure and cut related administrative costs.

Statistics

During the Presidency, agreement was reached between the European Parliament and the Council concerning the revision of the **Regulation on Community statistics on the information society**, which will ensure the provision of important statistical data concerning the use of information and communication technologies while maintaining the level of the reporting burden of respondents and national statistical offices. Another legal regulation approved is the **Regulation concerning crop statistics**. This legislative measure is of great importance for the management and evaluation of the Common Agricultural Policy. Agreement was reached at Council working group level ahead of the final modification of the amended text of the **Regulation concerning the collection of statistical information by the European Central Bank**. Apart from the system of national statistical authorities, the system of statistics collected in the European System of Central Banks is the second pillar of European statistics.

Energy

Energy Strategy

Energy security was one of the central themes of the Czech Presidency. The gas crisis in January showed the need for the EU to work together in this area and the necessity to strengthen national policies. The Presidency contributed to the resolution of the trade dispute between Russia and Ukraine and the restoration of gas supplies to Europe.

Energy security was also the principal item on the agenda of the meeting of the Energy Council, which gave the green light to the **2nd Strategic Energy Review**. This text sets out the main short- and long-term challenges and priorities for the EU in the field of energy. Particular attention is paid to the following areas: diversification of energy supplies, infrastructure needs, external energy relations, oil and gas stocks, crisis response mechanisms, energy efficiency and making the best use of the EU's indigenous energy resources. The review also defines six priority infrastructure projects – the Baltic interconnection plan, the Southern Corridor, construction of liquefied natural gas terminals (LNG), the Mediterranean Energy Ring, interconnecting the North-South transmission infrastructure and building offshore wind parks.

Internal Electricity and Gas Market

An integrated and fully liberalised internal market is a necessary pre-requisite underpinning the future common energy policy, and at the same time it is an instrument helping to increase Europe's energy security. In this respect, the Presidency succeeded in reaching agreement on the **third liberalisation package**, which contains two directives and three regulations concerning electricity and gas. The Czech Presidency brokered the choice between three different scenarios of ownership unbundling, i.e. separation of transmission from other activities of gas and electricity companies. The package also establishes the **Agency for the Cooperation of Energy Regulators (ACER)**, an item where compromise has been reached on the issue of division of competences between ACER and national regulatory bodies. This agreement will help enhance integration, liberalisation and regional cooperation on the energy market

Energy Security

The Czech Presidency addressed several aspects of energy security – securing investments in energy projects and providing room for talks on other openings for international cooperation with third countries – energy producers and countries ensuring the transit of energy and energy feedstock.

As regards investments, the decisive step was the adoption of the European Economic Recovery Plan, which provides for funding to boost the EU's energy security; out of the total amount of EUR 5 billion, **EUR 3.98 billion will be invested in energy projects**, i.e. projects concerning energy infrastructure (gas storage, energy interconnectors, the Nabucco project), offshore wind parks and carbon capture and storage.

At the end of April, the **EU - Russia Permanent Partnership Council on Energy**, attended by the Czech Presidency, the European Commission and the upcoming Swedish Presidency, met for the fourth time in Moscow. Among other issues the meeting addressed the strengthening of the mutual energy dialogue and the improvement of relations and understanding in the field of energy in the near future. Progress was reached as regards the joint early warning mechanism and the validity of the agreement on the monitoring of the flow of natural gas from Russia to the EU via Ukraine was extended.

The **Southern Corridor – New Silk Road** summit, held on 8 May 2009, was a major step towards strengthening the EU's energy security through supplier and transit route diversification. The EU and the representatives of Azerbaijan, Georgia, Turkey and Egypt signed a declaration which is aimed to pave the way for more intensive cooperation between regions as well as individual countries. The representatives of Kazakhstan, Turkmenistan and Uzbekistan endorsed the Southern Corridor project and agreed to the specific inclusion of their countries into the Declaration.

In late May, Prague hosted the 4th plenary meeting of the **European Nuclear Energy Forum ENEF 2009**, which was set up as a platform for debate on the opportunities and risks of nuclear energy use. The meeting focused on reports and proposals by working groups concerning transparency issues, risks and opportunities in the field of nuclear energy. The conclusions of the Forum highlighted the role of science and research for further developments of nuclear energy.

As regards nuclear energy, the **Nuclear Safety Directive**, setting up a Community Framework for Nuclear Safety was adopted during the Czech Presidency. Once adopted, the directive will help maintain a high level of safety of nuclear installations in the EU Member States and keep enhancing the safety level even further.

Thanks to the pro-active approach of the Czech Presidency, the Energy Council meeting on 12 June 2009 reached political agreement on the **Directive imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products**.

In addition, energy featured on the agenda of a number of other summits and ministerial meetings with third countries, namely Russia (Khabarovsk 21 – 22 May), Japan (Prague 4 May), Canada (Prague 6 May), China (Prague 20 May), Korea (Seoul 23 May), Pakistan (Prague 13 March), the Rio Group (Prague 13 May), ASEM (Hanoi 23-24 May), countries in Central Asia (Dushanbe 29-30 May), Nigeria (Prague 9 June), countries in Western Africa (Luxembourg 16 June) and the Organisation of the Petroleum Exporting Countries OPEC (Vienna 23 June).

Energy Efficiency and Low-Carbon Energy Sources

As part of the efforts to increase energy efficiency and savings, the Presidency pursued negotiations on concrete measures aimed at cutting consumption. It successfully concluded the talks on the **revised Eco-design Directive**, agreed by the Member States during the French Presidency. On 12 June 2009, the Energy Council adopted a progress report on three legislative proposals in the area of energy efficiency, namely on the **proposal for a Directive on the Energy Performance of Buildings, the proposed Energy Labelling Directive, and the proposed Tyre Labelling Directive**. This dossier will be taken over by the Swedish Presidency.

Transport

Optimum Functioning of the Internal Transport Market

The Presidency struck a deal on the **Single European Sky package**. The package consists of two legal texts concerning air transport, which will help increase the internal market efficiency and will contribute to the safety and sustainability of air travel. The **revision of Regulations defining the concept of the Single European Sky** and the amendment of the **Regulation on common rules in the field of civil aviation and establishing a European Aviation Safety Agency (EASA)** respond to the current drawbacks in the field of air traffic management and the provision of air navigation services; they introduce a system of performance regulation on the basis of specific targets and support the development of new technologies. In this way they will help strike a

balance between the capacity of airports and airspace. The new rules are expected to reduce flight times which in turn will cut fuel consumption and emissions.

Further, the Presidency reached agreement on the **revised Marco Polo II programme**, which should make it easier for European carriers to access funding for projects that will boost the efficiency of freight traffic and reduce its environmental impact. Importantly, the revised document will streamline and accelerate administrative procedures for applicants.

The Presidency paid particular attention to the issue of deploying **intelligent transport systems (ITS)** in road transport. At the March meeting of the Transport Ministers the Presidency reached agreement on the Council Conclusions concerning the Action Plan for the deployment and implementation of ITS in Europe. During the debate on the obstacles hampering the deployment of these systems, which took place at the informal meeting of Transport Ministers in Litoměřice in April, the Member States agreed on the need to establish an efficient financial instrument to support the existing and future ITS projects and on the importance of ITS for road safety and road toll systems. ITS systems have an extraordinary potential especially as regards the development of related industries. Also, encouraging innovation in transport can be very helpful in our efforts to overcome the current economic downturn.

At the June meeting, the Ministers adopted the Council Conclusions on **the Green Paper on TEN-T**. In this way the Czech Presidency launched **the process of revision of the Trans-European Transport Networks policy**, expected to result, by 2010, in the submission of an amendment of the decision on the Community guidelines on the development of TEN-T.

Cutting Red Tape in Transport Business

The Czech Presidency brokered a deal on the **road package**, which consists of three legislative proposals concerning **market access and conditions for entrepreneurship in the field of international freight and coach transport**. These measures should make it easier for carriers to do business in international transport by simplifying the rules and reducing administrative burdens. In particular, the agreement on **cabotage**, i.e. the possibility for freight carriers to provide services in other EU Member States than where they are registered, is a major success. So far, EU rules for cabotage have been unclear which allowed Member States to significantly limit the operation of foreign carriers in this area. The introduction of **new rules for international coach and bus transport** is another significant success, allowing drivers to use more flexible rules for rest periods. Last, but not least, the package provides for the introduction of **electronic registers** that will significantly reduce administrative costs, **facilitate the exchange of data between control bodies** and make it possible to focus on problematic transport operators.

At the March Council meeting, the Czech Presidency succeeded in achieving consensus on the Council's general position on **the proposal for an amended text of the Directive on the working time of drivers**. The aim of this proposal is to exempt self-employed drivers from the operation of this directive, which is expected to prevent an increase in administrative burdens. However, in view of the dissenting opinion delivered by the European Parliament, the debate will continue under the Swedish Presidency.

In March, the Council adopted conclusions on the Commission initiative "**European maritime transport space without barriers**", which should eliminate or simplify administrative procedures in maritime transport within the EU so as to make sea transport more attractive, efficient and competitive.

Competitiveness of the EU Transport System

At the Council meeting in June, the Czech Presidency reached political agreement on **the proposal for a Regulation concerning a European rail network for competitive freight**. The objective of this proposal is to improve services provided to rail freight operators, thus enhancing the competitiveness of this mode of transport.

The Presidency also contributed to the adoption of the **amended Regulation on common rules for the allocation of slots at Community airports**, which responds to the continuing global economic and financial crisis and its negative impacts on the competitiveness of European air

carriers. The objective is to guarantee air carriers the same slots during the summer scheduling season 2010 as were allocated for the summer 2009 season. This temporary measure will allow air carriers to adapt their services to the current demand. Had the regulation not been adopted, there would have been the danger of air carriers flying empty planes rather than risking the loss of airport slots unused due to the economic crisis.

Road Safety

The Czech Presidency brokered agreement between the Council and the European Parliament on the proposal for a **Regulation concerning type-approval requirements for the general safety of motor vehicles**. The new regulation sets out harmonised rules for the obligation to equip vehicles with advanced safety technologies. These technology standards and requirements will help accelerate the introduction of advanced safety technologies, thus significantly increasing road safety. In addition, the regulation includes measures aimed at reducing traffic noise, fuel consumption and related CO₂ emissions.

At their informal meeting, Transport Ministers addressed also the issue of **the use of intelligent transport systems (ITS) within the framework of the Road Safety Action Plan for 2011-2020**, the drafting of which is under way. The Member States agreed that ITS technologies could significantly improve road safety and reduce the number of fatal accidents by drawing attention to dangerous situations and preventing accidents. The Presidency Conclusions of this meeting invite the European Commission to explore the possibilities of the wider applications of ITS in the area of road safety when preparing the new Road Safety Action Plan for the 2011-2020 period.

External Relations in Transport

At the Council meeting in March, the Czech Presidency succeeded in brokering a political consensus among the EU Member States concerning the **Agreement on Air Transport between Canada and the European Community**, which constitutes an important step towards mutual opening of the aviation markets. Further, the Agreement removes the cap on the numbers of flights, arrival and departure sites, which could increase competition and reduce the price of flight tickets. Thanks to this, European airlines will be free to fly to Canada from any airport in the EU. In addition, EU air carriers will be able to invest freely into the Canadian airlines and also set up new airline companies. Particularly medium-sized and low-cost airlines, so far not admitted on EU-Canada routes by larger airline companies, are expected to benefit the most from the new agreement.

The leaders attending the Prague summit signed the EU-Canada **Agreement on Civil Aviation Safety**, which will make it easier to grant approvals to aviation products, parts and components of aviation technologies, thus allowing free movement of these goods between the EU Member States and Canada.

At the June Council meeting, led by the Presidency, the Ministers approved **the mandate for the Commission to negotiate a comprehensive EU-Georgia aviation agreement**. This agreement is expected to strengthen economic and commercial relations between the EU and Georgia.

At the working level, the Czech Presidency paid great attention to the **proposal of an additional directive on negotiations in the field of road transport and concerning the conclusion of an agreement establishing a Transport Community with the Western Balkans**. The future agreement is expected to make a major contribution to deepening the relations between the EU and the Western Balkans.

Telecommunications and Information Society

Revision of the Regulatory Framework for Electronic Communications Networks and Services

In the field of telecommunications, the Czech Presidency sought to conclude the legislative procedure related to the adoption of the **revised regulatory framework for electronic communications networks and services**. Following a series of talks, agreement was reached between the Council and the European Parliament at second reading on most texts contained in the

"Telecoms Package". The legislative procedure was deferred by the requirement of the European Parliament to restrict access to the Internet exclusively on the basis of a prior court ruling, which is unacceptable for the Member States. Debate on the initiative will continue under the Swedish Presidency.

The Czech Presidency also reached agreement on **extending the regulation of roaming prices to text messages and data services**. Further, in the process of **amending the GSM Directive**, European institutions agreed to open the GSM band for other technologies as well.

Information Society

Major progress was achieved thanks to the adoption of **Council Conclusions on accessible information society**, which contribute to removing barriers in the field of information society and have created suitable conditions for making information and communication technologies (ICT) accessible to disadvantaged users (for example visually handicapped persons). The document suggests concrete solutions for making public administration websites more accessible – it proposes to introduce the accessibility requirement in public procurement contracts for creating or re-designing websites that are financed with public funds. Against the backdrop of the **financial crisis** and **the European Economic Recovery Plan**, the Council discussed the role of ICT at a time of crisis and the role these technologies could play to help overcome this situation. The Ministers agreed that ICT can be one of the driving forces that will help the EU re-emerge from the economic slump. In this respect, granting access to broadband internet to all users including those living in geographically remote areas plays an important role. Activities in the field of **interoperability of eGovernment** services were significantly furthered by a compromise reached during debates on the **ISA** programme, the aim of which is to facilitate efficient and effective electronic interaction between EU public authorities in different countries and sectors. As regards the issue of **critical information infrastructure protection**, a ministerial conference, held under the auspices of the Czech Presidency in Tallinn, Estonia, in late April, contributed to raising awareness of the risks threatening the critical information infrastructure and the need to work together at the European level and called for a deepening of cooperation between the public and private sector in this area.

Environment

Climate Protection

The Czech Presidency chaired numerous international **meetings focused on improving climate protection**. Its efforts were aimed at maintaining the EU's position as the global leader in this field, in spite of the complicated economic situation. The representatives of the Czech Presidency led a meeting with the Government of India concerning cooperation on the preparation of a new global climate protection agreement. They also participated in the initiation of cooperation on the issue with the administration of the United States of America. Last but not least, the Presidency participated in preparing a joint EU position for the Copenhagen Conference in December 2009.

Ministers of the Environment **adopted the Council Conclusions setting out the basic EU positions** for a new global agreement establishing a regime of **climate protection after 2012**. Ministers of Finance (ECOFIN) and Ministers for Development Cooperation (CODEV) took part in this important debate as well. The newly set up joint EPC/EFC group conducted a debate on the future financial architecture, which is one of the key instruments of the global agreement on climate protection. On this important topic, the Czech Presidency organised two joint meetings at the level of Deputy Ministers and other high representatives of the Ministries of the Environment and Ministries of Finance of the Member States, and of the Commission. The March and June European Councils held during the Czech Presidency also confirmed the Council's ambitious goals with respect to greenhouse gas emissions reduction and the financing of mitigation and adaptation measures in developing countries. Heads of State or Government also set out clear priorities and goals for the work to be done at EU level, which must be completed before the Conference of the Parties to the Convention in Copenhagen. At the June Environment Council, they confirmed the EU's commitment to achieve a global and complex agreement on climate protection, aiming at reducing the increase of the average global temperature to less than 2°C compared to the pre-industrial era.

A number of diplomatic activities and negotiations took place during the Czech Presidency in relation to the enhancement of the EU's position as a global leader, ahead of the key UN conference to be held in December 2009 in Copenhagen. In April, a meeting of Ministers of the Environment of the **G8** countries was held in Syracuse, Italy. The Czech Presidency also actively negotiated on behalf of the EU at three preparatory meetings of the **Major Economies Forum on Energy and Climate (MEF)** in Washington D.C., Paris, and Mexico. International issues concerning climate change were also on the agenda of bilateral EU summits with certain countries (e.g., with the Republic of Korea, Canada, Japan, and China). The Summit on Sustainable Development that took place on 5 – 7 February in Delhi, India, was significant as well. Bilateral meetings were also held at other international forums (e.g., the 25th session of the UNEP Governing Council). A ministerial Troika visited Tokyo and Washington, where cooperation with the new US Administration was initiated, with the aim of approximating the negotiating positions of the EU and the US.

The Presidency also prepared comprehensive conclusions **focused on adaptation to climate change** in Europe, based on the White Paper published by the European Commission. The conclusions on the adaptations, approved at the June Environment Council, set out the main direction for the EU, and tasks for experts studying the impacts of climate change and the vulnerability of individual European countries and regions, looking for ways of adapting to the changing climate.

In connection with the preparation for the Copenhagen agreement on the international regime of fighting climate change, the Council adopted **conclusions** on the "6-month rule", drawn up by the Czech Presidency, in which the EU asked the UNFCCC secretariat to **submit an amendment of the Kyoto Protocol**.

Protection of Human Health and the Environment

The Presidency achieved progress with respect to the proposed Directive on industrial emissions, with political agreement on the compromise text reached in June 2009. The Presidency's achievements further include the approval of the **revised Regulation on ozone-depleting substances**, whose primary consequence will be the reduction of, and - from 2020 - a complete ban on the production and use of the HCFCs.

The green light was also given to the **Directive on Stage II petrol vapour recovery** during the refuelling of passenger cars at service stations. According to the compromise mediated by the Presidency, within several years certain petrol stations will have to be equipped with devices for capturing the petrol vapour released during the refuelling of passenger cars. This directive will contribute to increased protection of the air and human health as well as to petrol savings.

In April, the European Parliament plenary approved a proposed Directive concerning the **placing of biocidal products on the market as regards the extension of certain time periods** - the first successful step to the overall revision of this directive, which the Commission only published in mid-June 2009.

At the June EU Environment Council meeting, following very complicated negotiations led by the Czech Presidency, the Member States reached political agreement regarding the proposal for a **Directive on industrial emissions** (integrated pollution prevention and control). The proposal consists of a package of 7 presently separate legislative acts, integrating them into a single document (in addition to the integrated pollution prevention and control directive, it also includes, for example, the Directive on large combustion plants, the Directive on the incineration of waste, etc.). The Presidency did its utmost to reach a balanced compromise that would guarantee more effective **conservation of water, soil, air, and other environmental components, and that would, at the same time, not pose a threat to the competitiveness of European industry**, and negotiated an agreement between the Member States on this comprehensive proposal, thus opening the way to an agreement with the EP at the second reading. This is another important step on the road to a more environment friendly economy.

The Environment Council led by the Czech Presidency also approved **conclusions on the Green Paper on Bio-waste**, in which the Member States asked the Commission to address the issue of bio-waste management at European level.

At Council working group level, the Czech Presidency also launched a discussion on two new proposals for directives on electrical and electronic waste: the Directive on the use of certain hazardous substances in electrical and electronic equipment (**RoHS**) and the Directive on waste electrical and electronic equipment (**WEEE**).

In January 2009, the Czech Presidency successfully concluded challenging international negotiations concerning the reform and continuation of the "**Environment for Europe**" process in the UN Economic Commission for Europe, which is aimed to assist in reconciling the interests of environmental protection with increasing competitiveness and social stability of the European continent. The reform was approved, under the leadership of the Czech Presidency, by the 63rd plenary session of the UN ECE on 1 April 2009.

In February, at the **25th session of the Governing Council of the United Nations Environment Programme**, the Czech Presidency, acting on behalf of the EU, brokered **17 decisions on environmental protection**. Of these, the decision on chemical substances can be considered to be the most important – it provides the basis for an inter-governmental negotiation process aimed at establishing a new international legal instrument for mercury regulation, which will be launched in 2010.

The Czech Presidency succeeded in having a number of EU priorities integrated in the ministerial declaration of the **5th World Water Forum** - these included in particular cross-border cooperation in international river basins, good governance, and the fight against corruption. During the meeting, the Presidency also participated in developing a strategy for integrating the issue of water in the December conference of the parties to the UN Framework Convention on Climate Change.

The Czech Presidency negotiated on behalf of the EU at the **4th meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants**, held in Geneva on 4 – 8 May 2009. Here, a fundamental decision was adopted, concerning the extension of the scope of the Convention's application from 12 to 21 substances, which will significantly enhance the protection of health and the environment from toxic substances that cause a number of diseases.

The meeting of the 2nd **International Conference on Chemical Management (ICCM2, 11 – 15 May 2009, Geneva)**, which reviewed the fulfilment of the Strategic Approach to International Chemicals Management, was also a success- the Czech Presidency managed to push through all of the EU's priorities.

Sustainable Consumption and Production

The achievements of the Presidency also include the approval of two proposals related to the issue of sustainable production and consumption. The first is the revision of a Regulation on voluntary participation by organisations in the **eco-management and audit scheme (EMAS)**. Thanks to this revision, the number of organisations using the EMAS system should increase, and organisations outside of the EMAS system should put greater emphasis on EMAS participation in the selection of their suppliers.

Furthermore, the **eco-labelling regulation** was approved. The resulting proposal is expected to boost the attractiveness of the eco-label and simplify the system of awarding. The goal is also to improve consumer awareness of the environmental impact of products and services, understanding, and general recognition of the labelling system in the European Union and globally.

The Czech Presidency succeeded in introducing a number of EU priorities into the decision of the **17th session of the UN Commission on Sustainable Development in May 2009**, concerning the acceleration of the implementation of sustainable development in agriculture (where the EU was represented by the European Commission), rural development, soil, drought, desertification, Africa, and in cross-sectional topics (sustainable agriculture and the production of bio-fuels, protection of ecosystem services, sustainable soil management, integrated management of water

sources, enhanced implementation of the UN Convention to Combat Desertification, cooperation between the Rio Conventions, support for the sustainable development of agriculture in Africa).

The Czech Presidency formulated a consensual position of the EU on the proposal advanced by Brazil to hold a high-level conference on sustainable development in Rio de Janeiro in 2012 (**Rio+20**). In this document, it points to the need of avoiding the duplication of other processes and recommends focusing on key issues that would support the concept of a green economy, innovative technologies, and sustainable consumption and production.

Biodiversity Protection

Significant achievements of the Presidency include the agreement on the proposal for a **Regulation on the trade in seal products**. The aim of the proposal is to restrict the placement on the market of products of seals hunted commercially for skin and other material. Only items and products originating from traditional hunting by aboriginal inhabitants will be permitted to be placed on the market. Also products from limited coastal hunting can be placed on the market - however, such products cannot be used commercially.

The Presidency also paid great attention to the discussion of the proposed **soil protection directive**, which was presented by the Commission already in September 2006. The agenda of the June meeting of the Environment Council included a report on the progress achieved in discussions on this directive, on which agreement has not been reached thus far due to the very different opinions of the Member States.

Furthermore, the Presidency prepared, and the June Council unanimously approved, Council conclusions on **biodiversity and invasive species** (*Mid-term evaluation of the EU Biodiversity Action Plan and an EU Strategy on Invasive Alien Species Plan*). The Member States agreed that biodiversity protection should be integrated into all sectoral policies (agriculture, land-use planning, climate protection), and the Council agreed that a solid strategy must be prepared as soon as possible and must identify the legislative and non-legislative tools to be used to confront the invasive species. The Council repeatedly confirmed that the EU must increase its efforts to halt the loss of biodiversity.

The March Council of the Ministers of the Environment adopted a **Council Decision on the position to be adopted on behalf of the European Community with regard to proposals for amendments to the Schedule of the International Convention on the Regulation of Whaling** – by a qualified majority, the Ministers approved a common position of those EU Member States that are also members of the International Whaling Committee (IWC), with the aim of protecting, in the most efficient manner, the endangered species of cetaceans. The most widely discussed topics included the issue of the moratorium on commercial whaling and the restriction on the whaling of small cetaceans. The position adopted gives an opportunity to efficiently negotiate, primarily with Japan, the conservation of the most endangered cetacean species.

The Presidency also coordinated the preparation of common positions for the 7th meeting of the international Ad Hoc Working Group on **Access to Genetic Resources and Benefit Sharing** (WG ABS 7) under the Convention on Biodiversity (CBD). The working group discussed for the very first time proposals of operational texts presented by the CBD parties, which should become part of a legally binding protocol in the future.

Employment and Social Policy

Mobility of Workers on the EU Labour Market

Mobility of workers on the EU labour market was the main priority of the Czech Presidency in the area of employment and social policy. During the Czech Presidency the number of countries applying transitional measures was successfully reduced from four (Belgium, Denmark, Germany, Austria) to two. The issue of mobility was addressed at several events held by the Czech Presidency, and it also became the main item on the agenda of the informal meeting of Ministers for Employment and Social Affairs held in Luhačovice in January (and of the preceding meeting of the Social Troika with the European social partners and the Social Platform). The meeting focused

on all aspects of mobility (professional, geographical and social). The Ministers agreed that each type of mobility is very important for securing a flexible labour market, economic growth and social cohesion, mainly in times of economic crisis.

On 9 March 2009, the Council adopted **the Conclusions on the professional and geographical mobility of the workforce and the free movement of workers within the European Union**. The conclusions stress the importance of mobility and the free movement of workers for meeting the needs of labour markets, increasing employment and strengthening the EU's competitiveness. Labour mobility and the free movement of workers are essential elements of the European Employment Strategy.

The Czech Presidency has managed to round off several years of complicated negotiations concerning **the agreement on simplified rules to safeguard the social security rights of migrants within the EU (coordination of social security systems package)**. The new documents significantly modernise and simplify the existing rules on safeguarding social rights of EU citizens living and working in another Member State, taking into account relevant decisions of the European Court of Justice. The new rules will speed up the handling of applications of persons living abroad, remove certain barriers and modernise the exchange of information between authorities in EU-27.

The Czech Presidency made a great effort to reach consensus on the text of a regulation broadening the scope of the **Social Security Coordination Package** to cover citizens of third countries who migrate within the EU. The negotiations were concluded on 8 June 2008 at the Council meeting in Luxembourg and the agenda was passed on to the Swedish Presidency.

During the Ministerial Conference on **Strengthening EU Competitiveness – Potential of Migrant Workers on the Labour Market**, experience and opinions were exchanged concerning the employment of foreign workers, the influence and means of supporting and integrating such workers into the labour market, and the elimination of obstacles to their integration. The participants agreed that migration cannot be stopped; it is however important to manage it and accompany it with integration programmes. From the mid- and long-term perspective, migration is essential for strengthening the EU's competitiveness.

Increasing employment and labour market flexibility through general principles of flexicurity

On 9 March 2009, the Employment, Social Policy, Health and Consumer Affairs Council adopted the conclusions on the Communication from the Commission: **"New Skills for New Jobs: Anticipating and matching labour market and skills needs"**. The Communication provides a comprehensive assessment of the future needs of the labour market and the skills requirements in the EU up to 2020, taking account of the impacts of technological change and population ageing.

In response to the current economic crisis, on 7 May 2009 in Prague, the Czech Presidency organised an **Employment Summit**, attended by representatives of the current Social Troika, the European Commission and the European social partners. The aim of the summit was to discuss the development on the labour market and identify possible measures to address the impacts of the crisis on employment. The summit resulted in messages outlining the basic directions for measures at national as well as EU level. The main messages of the summit were then reflected in concrete measures proposed in the Commission Communication on a "Shared Commitment for Employment", published on 3 June 2009.

The Presidency achieved the adoption of the **revised Regulation establishing the European Globalisation Adjustment Fund**, submitted by the Commission in December 2008 within the framework of the European Economic Recovery Plan. The document aims to provide more effective assistance to workers made redundant due to globalisation and the global financial and economic crisis. The revised regulation is already in force for applications received after 1 May 2009. The amended text introduces an important change by providing for the temporary possibility to use the fund in cases of redundancies due to the current economic and financial crisis, the funding rate being increased to 65 %.

The Czech Presidency made a great effort to reach a compromise in the conciliation procedure with the European Parliament regarding the revision of **the Directive concerning certain aspects of the organisation of working time**. The aim of the revision was to amend certain provisions of the directive. The most complicated talks concerned the non-participation clause, which allows workers to work more than 48 hours a week (the opt-out). The European Parliament, however, has not accepted the compromise proposal of the Council and the Commission and the talks have not been finalised.

Based on the proposal of the Presidency, on 9 March 2009 the Council adopted **the "Key Messages to the Spring European Council"**, which mainly highlighted the solidarity principle and the role of social security systems as automatic stabilisers; the need to strengthen the coordination of economic, employment and social policies, and the relevance of the Integrated Guidelines for Growth and Jobs as a stable political framework even in times of crisis. The European Spring Council, meeting on 19 and 20 March 2009, fully endorsed these approaches in its conclusions.

On the basis of the outcomes of the ministerial conference **"Flexicurity in Times of Economic Crisis"**, which took place in Prague on 25 and 26 March 2009, the Presidency prepared the draft Council Conclusions on this issue. The conclusions of the Employment, Social Policy, Health and Consumer Affairs Council adopted on 8 June 2009 stressed the fact that flexicurity policies in times of crisis not only remain relevant, but also constitute an important part of crisis solution and preparation of the labour market for the future.

Horizontal support for families in the framework of EU policies

The topic was discussed at two major events: the informal meeting of Ministers for Family Affairs (5 February 2009, Prague) and the follow-up conference on "Parental Childcare and Employment Policy: Collision, or Complementarity?" (5 – 6 February 2009, Prague). The meeting of Ministers showed that despite the different perspectives of the individual Member States, there is a consensus that it is necessary to consider the best interest of the child, the quality of care and freedom of families in deciding about the form of childcare when meeting the Barcelona objectives. The opening of the debate on the above issues of childcare and family policy met with a positive response. The follow-up conference highlighted the importance of home-based parental childcare for the healthy development of a child.

The Presidency pursued the debate on the revision of the **Directive 92/85/EEC** on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding. Attention was mainly paid to the article on extending the minimum length of maternity leave and determining the length of its compulsory part. The scope of the revision was also discussed by Ministers at the March meeting of the EPSCO Council (9 March 2009). The June Council took into account the report on the progress in negotiations.

Social Services as a Tool for Active Social Inclusion of the Most Disadvantaged Persons and as an Employment Opportunity

On the basis of the results of the Conference on Social Services, which took place in Prague on 22 and 23 April 2009, the Presidency drafted Council Conclusions on this issue, and the Council adopted them on 8 June 2009. The conclusions stress the importance of investments into social services in times of crisis as a tool for social inclusion and a source of new employment opportunities. In this context, they underscore the significance of education and training of providers of formal as well as informal social services. They also reiterate that, in line with Community rules, the organisation and financing of social services fall primarily within the remit of the Member States., and they call on the Member States and the Commission to continue to create a voluntary EU quality framework for social services. They further call on the Member States to use the Commission's interactive information system, which provides guidelines and information concerning the application of the Community rules in the area of social services of general interest.

Safety and Health at Work

The **Community Strategy 2007 – 2012 on health and safety at work (occupational safety and health - OSH)** identifies a series of important tasks to fulfil the aim of improving OSH levels in the EU. Therefore, on 27 April 2009, the Czech Presidency organised an international conference on "Safety and Health at Work in Europe in the 21st Century". At the conference a discussion was held on the ways to reach higher OSH levels in the EU Member States and reduce costs resulting from ensuring OSH at company levels in the context of the European task of cutting administrative burdens. The conference was also aimed to support and strengthen international cooperation in sharing information on concrete approaches of good practice for ensuring OSH at work in the EU Member States and candidate countries.

Equal opportunities

In response to the deepening Roma exclusion, caused by the impacts of economic crisis, increasing extremism and signs of racism, the Czech Presidency prepared the "**Common Basic Principles on Roma Inclusion**", endorsed at the June Council Meeting. It is an important milestone on the way to strengthening the principles of Roma social inclusion, both in individual Member States and on the EU level. The Council Conclusions, at the same time, institutionalised the **European platform for Roma inclusion**, as a space for the exchange of experiences in the field of Roma inclusion.

In June, the Council also adopted conclusions entitled "**Equal opportunities for women and men: active and dignified ageing**". The Czech Presidency, at the same time, continued in the negotiations of the proposal for a **directive on the equal treatment of the self-employed and their assisting spouses**. The main attention was focused on clarification of the fundamental concepts and principles. The June Council took note of the progress report on the negotiations of this directive.

During the Presidency, several conferences on the children's rights, elderly protection, situation of non-profit organisations in the time of economic crisis, gender stereotypes and Roma inclusion were organised, in support of equal opportunities. In the spirit of the Czech Presidency motto "Europe without Barriers", the aim of these conferences was to contribute to the promotion of equal opportunities and exchange of experiences, in the European context.

Health

Rare Diseases, Safety and Rights of Patients in Cross-Border Healthcare

The Czech Presidency managed to finalise the debates on two important Council recommendations: **on an action in the field of rare diseases** and **on patient safety, including the prevention and control of healthcare associated infections**, which were subsequently adopted at the Council meeting on 9 June.

The initiative on rare diseases is aimed to develop European cooperation and coordination, lead to a precise definition of rare diseases and provide support to the Member States in securing efficient and effective recognition, prevention, diagnosis, treatment, care and research of rare diseases.

The initiative on patient safety and infection control was launched on the basis of the finding that the increase in the incidence of adverse events associated with healthcare is alarming in the whole of Europe. The main aim of the proposal is to support the Member States in their efforts to introduce strategies and programmes of prevention and control of adverse events and infections associated with healthcare.

The Czech Presidency successfully brought to an end the first round of talks over individual articles of the proposed **Directive on the application of patients' rights in cross-border healthcare** and subsequently prepared a proposal for a compromise text, which was generally well received by the Member States. A report on progress in debates on this complex proposal was presented to the June Council meeting, with the talks to be resumed by the Swedish Presidency, the aim being to reach a political agreement. The main provisions of the proposed directive stipulate that patients

have the right to seek healthcare in another EU Member State and receive a level of reimbursement equivalent to that to which they would have been entitled in the Member State of affiliation. Patients should have the certainty that the treatment provided in another Member State meets the standards of quality and safety and is based on good medical practices.

Pharmaceutical Package

The Presidency also achieved the objectives that had been set for the working group for medicines and medical devices, i.e. to discuss all **three themes covered by legislative texts submitted as part of the pharmaceutical package**. The first detailed examination of the text on the **strengthening and rationalisation of the system of pharmacovigilance** and **strengthening of the legal distribution chain of pharmaceuticals** was finalised. At the same time the Presidency initiated a detailed examination of the issue of providing information to patients on prescription-only medicinal products. A progress report on each of the themes was submitted to the Council on 9 June 2009.

Influenza A/H1N1

Faced by the threat of the spread of the **influenza A/H1N1** virus, the Czech Presidency responded rapidly and summoned an **extraordinary meeting of the Council of Health Ministers**, which was held on 30 April in Luxembourg. The Council unanimously adopted the Conclusions in which it called upon the Member States to act jointly under the leadership of the World Health Organisation and in cooperation with the Commission. It also agreed on the need for close cooperation between the Member States and the pharmaceutical industry on the development of a vaccine for this new influenza virus. The issue of further steps to be taken by the EU in the context of vaccine development and production, supplies for Europe and a vaccination strategy also became an important topic of the ordinary Council meeting in June.

eHealth

Easier access to information on patients' health and drug dosage while their personal data are fully protected – such are the benefits of **eHealth** that were discussed at the ministerial conference on "eHealth for Individuals, Society and Economy". The outcome of the two-day conference held on 18 -20 February is the **Prague Declaration** that sums up the current state of the Europe-wide effort to use information and communication technologies in healthcare for the benefit of patients as well as economic efficiency of the health sector. It also identifies further steps to be taken at the level of Member States as well as European institutions

Antimicrobial Resistance

A two-day ministerial conference entitled "The Microbial Threat to Patient Safety in Europe", held on 15 – 16 April, focused on the issue of **antimicrobial resistance**. Among the most important outcomes of the conference was the Proposal of Concept Framework and Measurable Elements for Hospital Antibiotic Stewardship Programmes. The main objective of this proposal is not only to promote prudent use of antibiotics in hospitals but also to introduce efficient prevention and control measures against the spread of resistant micro-organisms among hospitalised patients. The topic of the conference directly followed up on the debate on the Council Recommendation on patient safety, including the prevention and control of healthcare-associated infections.

Financial Sustainability of Health Systems

A ministerial conference on the "**Financial Sustainability of Health Systems**", held on 10 – 12 May 2009, contributed towards the deepening of the discussion and an active search for efficient solutions in the area of health systems sustainability. Important outcomes of the conference include three policy briefs that originated in cooperation with the European Observatory on Health Systems and Policies and the World Health Organisation. The first policy brief presents a summary of the issue of population ageing and its impact on the costs in health systems; the second text addresses long-term care and methods of its financing in the EU Member States. The third policy brief is a draft study focused on a new definition of financial sustainability and its content, which is to be discussed further. Another significant result is the report on the financing of health systems from the point of view of revenues.

Agriculture and Fisheries

Future of the Common Agricultural Policy and Rural Development

The Presidency succeeded in significantly advancing the discussion on the **future of direct payments to farmers** in the EU after 2013. It successfully met its priority commitment of launching and conducting an open debate aimed at defining the range of topics that need to be included in considerations concerning the future form of direct payments. The future of direct payments was the principal item on the agenda of the informal meeting of Ministers for Agriculture and Fisheries, held in late May and early June in Brno. At the June meeting of the Agriculture and Fisheries Council, 21 Member States supported the Presidency Conclusions, drafted on the basis of all relevant discussions.

Thus, a significant majority of Member States sent out a signal that in the future, direct payments must be fair, effective, easily implemented, and justifiable. By adopting this stance, the Member States also reaffirmed the commitment reached in discussions on the Common Agricultural Policy Health Check, i.e., the need to phase out the differences between levels of direct payments for farmers in different Member States.

Simplification of the Common Agricultural Policy (CAP)

The Presidency also made progress in the simplification of the CAP. At the May meeting of the Agriculture and Fisheries Council, it achieved unanimous political agreement on the proposed Council Conclusions concerning the simplification of the CAP, which responds to the March 2009 Commission Communication. The main outcome is that the Council recognised both the CAP simplification as a permanent priority of all present and future considerations of the CAP, and the commitment to reduce the administrative burden by 25% by 2012.

This constitutes a significant compromise, the aim of which is to **bring practical benefits to farmers and national authorities in the implementation of the CAP**. During the discussion, Member States presented several dozen specific legislative recommendations for simplification. The Commission will address them without delay and in November 2009, the Council will build on the discussion concerning the Commission's analysis.

Essential elements of the agreement include the Council's request that the recommendations of paying agencies should be put to better use, that the simplifications efforts of the various Commission Directorates-General should be coherent, and the potential of information technologies in the simplification of administrative procedures should be given more prominence.

Agricultural Products and Foodstuffs Quality Policy

At the June meeting of the Agriculture and Fisheries Council, the Council Conclusions concerning the future form of the European agricultural products and foodstuffs quality policy, and responding to the relevant Commission Communication from May 2009, received unanimous political support from the Member States. This issue was also addressed at a **high-level ministerial conference** organised by the Presidency, which took place in Prague in March 2009, and the outcomes of which significantly contributed to further work in the Council and to the political conclusions achieved.

This sends a clear message to the European public - focusing on quality paves the way for long-term competitiveness and a high added value of the production of European farmers.

This is an important text that underscores the significance of enhancing and developing the current schemes of the quality policy for farmers and consumers alike, primarily in the areas of geographic indication and organic farming. The benefit of the agreement lies in the commitment to improved communication as regards the high requirements for European production, including the possibility of reviewing the compulsory place-of-farming labelling, requirements for a fundamental simplification of the administrative procedures for the registration of geographic indications, an improvement of the system of traditional specialities, and greater recognition and promotion of geographic indications vis-à-vis third countries.

Development of Rural Areas and Delimitation of Less Favoured Areas (LFA)

The Presidency contributed to the future delimitation of areas with natural handicaps in the EU. On the basis of a Commission Communication, the Council adopted Conclusions in which the Member States pledged to present the Commission with model maps of areas with natural handicaps. The Commission will then be able to assess the impact of the proposed criteria and to take further steps to draw up a legislative proposal that will delimit areas with natural handicaps in a transparent and unified manner in all the EU Member States by 2014.

The European Economic Recovery Plan for Projects in the Field of Energy, Broadband Internet, and New Challenges in Agriculture

After a complicated two-month debate, the Presidency successfully negotiated a balanced compromise solution that makes it possible, inter alia, to move a **total of EUR 1.02 billion to the budget of the European Agricultural Fund for Rural Development**. The funds for Member States to face new challenges and invest into the introduction of broadband Internet will be increased in 2009 and 2010.

Forestry

In the area of forestry, the Czech Republic, as the country holding the EU Presidency, led the Member States to the adoption of Council Conclusions for the **8th meeting of the UN Forum on Forests (UNFF 8)** and successfully represented the EU at the **FAO Committee on Forestry (COFO 19)** in March, and at the UNFF 8 in April. The Presidency also continued in the debate on the proposed Regulation of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market.

Common Fisheries Policy (CFP)

In the area of the CFP, ten legislative acts were adopted during the Czech Presidency. They include four Council regulations concerning a **multiannual recovery plan for bluefin tuna, agreements between the EU and the Russian Federation on the conservation of fisheries resources in the Baltic Sea, a Regulation laying down conservation and enforcement measures applicable in the regulatory area of the Northwest Atlantic Fisheries Organisation**, and finally, a Regulation repealing 14 obsolete regulations.

The Presidency contributed to the successful outcome of negotiations concerning the following decisions – a Council decision concerning the **repealing of 12 obsolete legislative acts, the Decision to conclude a Fisheries Agreement with the Republic of Guinea, and last but not least, several decisions on Community positions in international organisations**³.

In addition, Council Conclusions were adopted with respect to the **Commission Communication concerning the Action Plan for the Conservation and Management of Sharks** and with respect to the **Commission Communication concerning the sustainable development of aquaculture**.

The Czech Presidency progressed in discussing a reform of one of the pillars of the CFP – a proposed Council Regulation concerning the **CFP control regime**. Also, two major debates were conducted – on the **Commission Green Paper on the Future of the CFP**, and the **Commission Communication setting out fishing opportunities for 2010**.

Other Legislative Acts and Initiatives Concerning Agriculture

A great achievement of the Presidency in the veterinary area was the reaching of an agreement with the European Parliament and the subsequent adoption of the proposed **Regulation on by-products of animal origin**, which replaced 14 legislative acts with one, aiming to simplify and clarify the text, and reduce the administrative burden for company operators and the administrative activity of authorities, while taking maximum regard of, and complying with all of the requirements for the protection of the health of humans and animals in the handling of animal by-products.

The priorities in the area of animal welfare included a **proposed Regulation on animal protection at the time of slaughter or killing**, where political agreement was reached at the level of the Council of Ministers. This regulation, which strives to improve the conditions for animals at slaughter or killing on the basis of the latest scientific findings, reduce administrative burdens and harmonise animal welfare rules throughout the EU, is to replace the current regulation and will take effect on 1 January 2013. An aspect important for several Member States is the possibility of retaining existing national animal welfare rules, some of which can be made more stringent in the future. Another achievement in this area is the adoption of the **Universal Declaration on Animal Welfare**, the purpose of which is to encourage third countries to adopt national legislation in this field.

³The decision on Community positions in the General Fisheries Commission for the Mediterranean, decision on positions in the Indian Ocean Tuna Commission, decision on a position in the Inter-American Commission for Tropical Tuna, and decision on a position in the North Atlantic Salmon Conservation Organisation.

Progress was achieved with respect to the **proposed Directive on the protection of animals used for scientific purposes**. The first revision of the text was fully completed, and all amendments proposed by the European Parliament were discussed. The Council discussed the Presidency progress report, on which the Swedish Presidency will build.

Beyond the scope of its original programme, the Czech Presidency also addressed the **proposed Council Decision correcting a Directive simplifying procedures of listing and publishing information in the veterinary and zootechnical fields**. Aiming to fill a legal vacuum, the Presidency succeeded in its effort to obtain approval for this Council decision, which applies retroactively as well.

In coordinating and preparing common positions for several international meetings, the Presidency unified the positions of the individual Member States and significantly contributed towards the promotion of the EU interests. In this way, a common position of the EU Member States was approved at the May plenary of the World Organisation for Animal Health (OIE) in Paris, concerning the **proposal for an amendment of the OIE standards for terrestrial and aquatic animals**. The Member States also expressed their approval of a joint EU candidacy in the elections to five OIE working commissions, thanks to which all of the candidates proposed by the EU were successfully elected.

The Presidency achieved progress in formulating a single position for leading medicines agencies, setting out the basic direction for the future regulation of **veterinary pharmaceutical legislation. The new European Commission will work on this area in more detail within the framework of amending existing legislation**. The common position includes basic requirements for the amendment of existing rules concerning the accessibility of veterinary medication, common antibiotic policies, support for the development of new medicines, and the reduction of administrative burdens, including the simplification of registration procedures.

In March 2009, the Presidency reached agreement with the European Parliament and the Commission concerning a proposal for a **Regulation on pesticide statistics** or, more precisely, on statistics concerning plant protection products, which is part of the so-called "Pesticide Package". Nevertheless, at the April plenary of the European Parliament, the required number of votes in favour of the proposal was not reached. The regulation will now be presented to the Council, which will decide either to conclude the discussions at the 2nd reading or finalise them at the 3rd reading during the Swedish Presidency in cooperation with the new Parliament. The proposal aims to keep track of indicators that are suitable for monitoring the risks related to the use of pesticides. On its basis, Member States will gather comparable data for developing harmonised statistics. Discussions about other two proposals contained in the package – a Regulation concerning the placing of plant protection products on the market, and a Framework Directive on the sustainable use of pesticides – were formally concluded already in January 2009.

Furthermore, the Presidency pushed through compromise proposals with respect to **3 active substances** used in plant protection products (paraffin oils, metam).

The Presidency also drafted a proposal for a **Strategy for National Phytosanitary Capacity Building** of the parties to the International Plant Protection Convention (IPPC). The meetings of the Roosendaal working group resulted in a proposal for a **Protocol on the implementation of the Memorandum on the Safety of Plant Products for Human Consumption** exported from the European Community (EC) to the Russian Federation, with respect to pesticide residues, nitrates, and nitrites.

At the meeting of the Commission on Phytosanitary Measures (FAO), the Czech Presidency actively contributed to the deal on **new international standards and criteria for phytosanitary care** that aim to prevent the spread of pests and pathogenic agents injurious to woody species through wooden packaging (e.g. wooden pallets), while enhancing the level of phytosanitary care, especially in third countries from which goods of plant origin are exported to EU Member States.

The Presidency also successfully negotiated Council Conclusions concerning the **repeal of directives concerning the control of San Jose Scale and Carnation Leaf-roller, which should lead to the repeal of both obsolete legislative acts**. An agreement was reached, at working level, on rules for the coordination and handling of documents **assessing the risks of harmful organisms**.

In the area of **novel foods**, the Czech Presidency mediated a **political agreement in the Council**. Following a legal and linguistic verification, the text will be presented to the Council for the adoption of a common position that will then be passed on to the European Parliament for the purpose of the second reading.

Another issue concerning foodstuffs that was discussed during the Czech Presidency is the **labelling of foodstuffs**. The aim of this proposal is to make the information provided on labels more transparent and bring it closer to the needs of consumers across the EU, to unify and update two areas of legislative acts concerning the general and **nutritional labelling of foodstuffs**, which are governed by **Directive 2000/13/EC** on the approximation of the laws of the Member States relating to the labelling, presentation, and advertising of foodstuffs, and **90/496/EEC**, on nutrition labelling of foodstuffs. Significant progress was reached during the Czech Presidency in discussing the proposal.

Education, Youth and Sports

Updated strategic framework for European co-operation in education and training after 2010

The Presidency paid much attention to the discussion on the proactive development of human capital in the EU, the effects of demographic trends and technological developments on educational systems and institutions, which paved the way for the adoption of a **new Strategic Framework for European Co-operation in Education and Training after 2010**.

The new strategic framework sets out the long-term goals of EU-level cooperation in the decade ahead, the main principles and methods of cooperation and five European benchmarks in the area of lifelong education, early school leaving, acquisition of basic skills, pre-primary education and access to tertiary education. The **strategic framework** was supplemented with **medium-term priority areas for European co-operation in 2009 through 2011**.

Partnership between the educational system and employers: schools open to new challenges

The key priorities of the Presidency included cooperation between educational institutions and employers, especially in view of strengthening employment. The six months of the Czech Presidency witnessed an extensive debate on this issue that materialised in the form of Council conclusions that followed up on the results of the discussion of the Ministers and the conference in April.

Development of higher education – quality and openness (Bologna Process)

A ministerial conference was held in Leuven, Belgium, within the development of higher education and the **fulfilment of the goals set out by the Bologna Process**. An official statement was adopted at the conference that laid down the **direction of further development of the Bologna Process after 2010**.

Cooperation in the youth area

To improve the implementation of the **European Youth Pact** and make it more visible, it became the subject of key communications compiled in the course of the Czech Presidency for the Spring European Council meeting. The European Youth Pact was also discussed by the Ministers with the aim to highlight the good experience with its implementation at the national level.

The Presidency has made a substantial contribution to **designating the year 2011 the "European Year of Volunteering"**. Non-profit NGOs first managed to obtain the support of the European Parliament, while the Presidency later obtained the support of the Commission.

At its May meeting, the Council of Ministers approved the **Evaluation of the current European framework for cooperation in the youth field**, which completes its first eight-year period since 2001 and suggests basic guidelines for the years to come, in the form of the Council's conclusions. Sweden will follow up on the activities of the Czech Presidency by working on a new cooperation framework.

Culture and Audiovisual Area

Culture

At its May meeting, the Education, Youth and Culture Council adopted **conclusions on culture as a catalyst for creativity and innovation that reflect the long-term efforts** of the Member States' Culture Ministers to ensure that culture is granted an appropriate position in the European policies. Culture considerably influences creativity, which is a prerequisite for economic growth, competitiveness and employment. The Member States and the Commission committed themselves to systematic support of investments in culture, including specific tools to promote culture in the relevant policies.

Audiovisual Area

A compromise version of a text prepared by the Presidency on the basis of a Commission draft that provides for the introduction of the new "**MEDIA MUNDUS**" programme, focused on cooperation between audiovisual industry professionals in Europe and third parties, was approved by the European Parliament in May.

Copyright Protection

Extending its reach beyond its agenda, the Presidency ensured that the Commission's proposal for the amendment of the **Directive harmonising the term of protection of copyright and certain related rights** was discussed. The draft directive, as amended, was passed at the first reading during the April plenary part-session of the European Parliament.

Justice

Judicial Cooperation in Criminal Matters

In the area of judicial cooperation in criminal matters, the Czech Presidency managed to secure a general consensus of the April Council regarding the text of the framework **Decision of the Council on prevention and settlement of conflicts of jurisdiction in criminal proceedings**. The decision aims to prevent parallel criminal proceedings in various Member States against a single accused in the same case, and thus to provide for a stricter compliance with the principle "ne bis in idem". The proposal was prepared in January 2009 by the Czech Republic of its own initiative and presented together with Sweden, Slovenia, Slovakia and Poland.

Another success of the Czech Presidency in the area of criminal justice was the negotiation of a compromise version of the **amended Directive on ship-source pollution** in a codecision procedure. The amendment aims to provide for a more effective protection of the seas from pollution by introducing criminal penalties on discharge of pollutants into maritime areas from maritime vessels.

In March 2009, the Commission presented two important proposals to the EU Council for review that aim to combat sexual exploitation and abuse of children and human trafficking: **Proposal for a Framework Decision on preventing and combating trafficking in human beings, and protection of victims, and the Proposal for a Framework Decision on combating sexual abuse and sexual exploitation of children and child pornography**. The two proposals aim to increase the standard of protection from these two serious crimes and to launch a more effective fight against them, especially in response to the current development and international standards in this area. Both proposals were presented at the April Council meeting and the first reading was subsequently started at the DROIPEN Substantive Criminal Law Working Group.

The Czech Presidency further saw the negotiations of the draft **EU-Japan Agreement on mutual legal assistance in criminal matters** open. In addition to the traditional institutes of judicial cooperation in criminal matters, e.g. serving of documents or disclosure of information and evidence in criminal proceedings, the agreement should provide for some modern solutions, such as the use of videoconferencing. The agreement should be a contribution to the mutual cooperation between the EU Member States and Japan, with no agreement on legal assistance in criminal matters concluded between any EU Member State and Japan so far.

Moreover, the **agreement on free trade between the European Community and its Member States and the Republic of Korea** was negotiated during the Czech Presidency. The agreement aims to liberalise trade in goods and services in full compliance with WTO rules. The draft agreement includes a chapter on rules for effective and adequate protection and enforcement of intellectual property rights by means of criminal-law instruments. Thanks to the initiative of the Presidency, the Member States and the Commission reached agreement on the revision of directives for the negotiation of this agreement that authorises the Presidency of the EU Council to negotiate the criminal law provisions on behalf of the Member States.

The EU Member States having discussed and approved the **evaluation reports on the practical application of the European Arrest Warrant (EAW)**, the Council approved the summary final evaluation report that recommends improvements in the EAW system in June 2009.

The European Judicial Network approved the guidelines on the EJM structure and the guidelines for organising regional meetings at its Prague plenary meeting.

Judicial Cooperation in Civil Matters

In the area of civil law, the Czech Presidency started, and completed, the negotiation of two parallel proposals for regulations that create **mechanisms for negotiating bilateral agreements with third countries**. One proposal focuses on the governing law in the area of contractual relationships, the other provides for judicial cooperation in family-law matters. Under specific circumstances, these instruments will allow the Member States in the near future to negotiate and conclude bilateral agreements with third countries in areas where the Community has exclusive powers. This is a truly groundbreaking move in EU law, as the mechanisms concern the issue of competences.

A meeting of the Council on General Affairs and Policy of the Hague Conference on Private International Law was held at the turn of April and May. During the meeting, the Czech Republic and Cyprus signed the **2000 Convention on the International Protection of Adults** and the Czech Presidency further signed the **2005 Hague Convention on Choice of Court** on behalf of the Community. On 6 April 2009, the Justice and Home Affairs Council approved the **Decision to accede to the Cape Town Convention and Aircraft Protocol**; the ratification sheet was deposited with the UNIDROIT depository on 28 April 2009. The said instruments will become effective for the Community on 1 August 2009.

With a proactive contribution of the Czech Presidency, a diplomatic conference was held on 20 April through 2 May within the International Civil Aviation Organisation (ICAO). The conference adopted the final versions of the **Convention on Compensation for Damage to Third Parties Resulting from Acts of Unlawful Interference Involving Aircraft** and the **Convention on Compensation for Damage caused by Aircraft to Third Parties**.

Within the **Common Frame of Reference for European Contract Law** project, the Czech Presidency presented its own discussion document to prepare a new Council position on some aspects of the project. The document has opened some sensitive issues, such as the form of the future Common Frame of Reference (i.e. what tool is to be used to introduce the Common Frame of Reference) and its relation to the draft directive on consumer rights, and thus helped steer the discussion towards more objective problems.

Moreover, the Czech Presidency launched an expert debate regarding the **report on application of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters** (the "Brussels

I" Regulation) and thus paved the way for the Swedish Presidency to prepare a proposal for Council conclusions that is due for approval in autumn 2009.

During the entire term of its Presidency, the Czech Republic exerted its best efforts to ensure that the Commission should present its proposal for the provision on **succession and wills with cross-border aspects**. The most important event in this context was the international "Succession and Wills in a European Context" conference held on 20 and 21 April 2009 in Prague.

eJustice

The Presidency played an active role particularly in its support for the **use of videoconferencing devices in cross-border legal proceedings**. EU Ministers lent their support to this issue already in January when Prague hosted an informal Council meeting. In this context, the June Council meeting acknowledged a set of documents prepared or completed within the e-Justice working group during the Czech Presidency. The documents include a leaflet on videoconferencing for the public, a manual describing legal and technical aspects of videoconferencing, a general document on the opportunities for the use of videoconferencing and a list of videoconferencing devices, prepared by the Czech Presidency on the basis of information supplied by the individual Member States.

The said documents will be updated continuously and published on the **European eJustice portal**, the fruit of intensive efforts made by the Czech Presidency. In the future, the portal should be the sole place on the Internet to contain comprehensive information on access to law and justice in the individual Member States. Interactive applications will also be developed to allow users to search in electronic registers and to find competent courts within the entire EU. The first public version will be available in December 2009.

The Czech Presidency further participated in the implementation of pilot projects that connect insolvency registers, attended by as many as 11 Member States, and databases of sworn interpreters and translators (along with Austria and Germany).

In February a two-day **ministerial conference entitled "eJustice without Barriers"** was held in Prague in support of the eJustice priority and a broader debate on this issue, also with a wider range of experts, took place

Home Affairs

Use of Modern Technologies for Security

The Council acknowledged a document prepared by the Presidency that summarised the results of expert discussions on this topic. The meetings focused on three aspects: (a) criteria (evaluation of information systems) that will help create individual concepts and that will allow for the adoption of a long-term systemic approach to this area; (b) preparation of an overview of active information systems in the area of justice and interior within the EU; and (c) identification of key needs of law enforcement authorities for exchange of information. The output of the debates on modern technologies that were held during the Czech Presidency also included clear support for their use in the areas of border control, migration management and asylum policy.

International Protection of Children

Mechanisms used in investigations for missing children that have proved successful in some European and other countries were presented at the Prague **conference on EU Child Alert Systems**. The Presidency used this occasion to call for the introduction of these systems in the Member States that lack them. The Council approved the **conclusions on better use of the Schengen Information System (SIS) and cooperation of the SIRENE centres and headquarters** (headquarters providing additional information to SIS records) designed to protect children. The best practice recommendations were used to call upon the Member States to cooperate more effectively in the area of protection of children.

In April, the international conference entitled "**Safer Internet for Children – fighting together against illegal content and conduct on-line**" adopted the "**Prague Declaration**". Its key importance rests in the support for a coordinated approach of all stakeholders to threats associated with the Internet and other communication technologies.

Anti-Drug Policy

The Czech Presidency focused mainly on the **development and introduction of indicators for suppressing demand**, an issue covered by conclusions adopted by the Council. Under the leadership of the Czech Presidency, the EU, thanks to its single position, managed to push through many of its priorities in the negotiations of the **Political declaration on narcotic drugs and associated UN plans of action** held in Vienna during the March 52nd meeting of the UN Commission on Narcotic Drugs and to formulate a single EU position on the final wording of the Declaration.

Complementary and Flexible Migration Policy

The Czech Presidency commenced the implementation of the **European Pact on Immigration and Asylum**. The **Directive on the conditions for entry and residence of third-country nationals for highly qualified employment ("Blue Cards Directive")** was adopted in the area of legal migration, and substantial progress was achieved in the discussion of the proposal for a Council Directive on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State. The approval of the proposal for a **Directive on sanctions against employers of illegally staying third-country nationals** was a milestone in the combat against illegal migration. Illegal migration was also addressed in the **conclusions of the June European Council** that reflect a heated discussion on illegal migration primarily in the Mediterranean and call for immediate adoption of a number of measures to tackle this burning issue and to avoid further human tragedy. The conclusions also take account of a geographically balanced approach to migration, with cooperation with the countries of origin and transit states being of paramount importance in this context. In the area of readmission policy, the Council decided to authorise the Commission to start negotiations on a **readmission agreement with Cape Verde** and to sign the **readmission agreement with Pakistan**.

Discussions of the so-called **first asylum package (amendment of the reception conditions directive, and the Dublin and EURODAC regulations)** were launched within the development of a **common European asylum system**. All these proposals passed the first reading, and the Presidency compromise versions were debated. In addition, the Czech Presidency achieved substantial progress in the negotiation of the draft regulation on **the establishment of a European Asylum Support Office (EASO)**, which should promote practical cooperation between the Member States in the area of asylum policy. The June European Council meeting called for a speedy establishment of this institution.

As regards the external dimension of migration policy, a **global approach to migration** is implemented on a continuous basis. At the end of April, Prague hosted a successful **"Building migration partnership" ministerial conference**, attended by representatives of countries behind the Eastern and South-Eastern boundaries of the EU, where all the attendants expressed their clear support for a comprehensive approach to migration based on the principle of partnership.

Border Protection; Schengen Cooperation, and Visa Policy

The Czech Presidency was successful in implementing its plan to steer the **second generation Schengen information system (SIS II)** out of crisis. The Council conclusions on the further direction of the SIS II were approved in June, in which the Ministers agreed to continue the current project while making a number of changes to project management and technical architecture. Importantly, two benchmarks were set to test whether the project goes ahead as planned. SIS II will be secured by a backup plan. The Czech Presidency launched the practical implementation of the new **Schengen evaluation** plan that will take several years to complete and that will introduce its individual adjusted methodologies. Evaluation that focused on correct application of the Schengen acquis by the Benelux states, Germany and France duly continued. The first

evaluation missions focusing on police cooperation, border control and visa visited Bulgaria and Romania. Border controls at the Swiss air borders were abolished on 29 March, thus **completing Switzerland's integration into the Schengen area**. In April, the Council adopted conclusions that called for a resolution of the unbalanced staffing in SIRENE centres in relation to the increased use of the SIS. The Czech Presidency also opened the discussion on the future extension of the use of SIS as a knowledge database of individuals who represent a potential security risk for the EU Member States.

The Presidency paid attention to the possible introduction of the **input-output system** designed to give an overview of the duration of stays of third-country nationals within the EU. In cooperation with the Commission, the Presidency prepared a questionnaire for the Member States in order to obtain information on the national particularities related to this system. The collected information will be used in the preparation of the legal framework of the input/output system.

In the area of visa policy, a fundamental document was approved that harmonises the current scattered Community legal tools, **the Visa Code**. The legal provisions and wording of the **Common Consular instructions**, the future basis for the collection of fingerprints for the **Visa Information System (VIS)**, were also amended. Within the preparations of introduction of the VIS, the Czech Presidency managed to create a monitoring mechanism for the progress of preparations of the national VIS projects based on regularly updated forms. The issue of gradual implementation of the VIS at the consular offices in the individual geographical regions and the question of an information campaign and training in the VIS were also discussed. For the use of biometrics in European travel documents the adoption of the **EP and Council Regulation on standards for security features and biometrics in passports and travel documents issued by Member States** is of crucial importance.

In March, the Commission presented a key piece of legislation that will now govern the **free movement of third country nationals in the Schengen area under long-term national visa**. In this context, the Presidency prepared a study that maps the legal provision for long-term visa in the individual Member States and suggested new approaches to the resolution of this issue. The Czech Presidency also led the expert discussion on the technical parameters to be met by the **"laissez-passer"** documents granted to the members and employees of EU bodies and agencies.

As regards **visa policy towards third countries**, considerable progress was made in the process of visa liberalisation with the Western Balkans. On the basis of the evaluation reports which the Commission presented in May, the Council approved its conclusions according to which countries which fulfil all criteria should have the EU visa requirement removed, ideally by the end of 2009. The Czech Presidency also managed to conclude the negotiations on the question whether holders of Taiwanese passports should have the visa requirement abolished. In May an agreement was signed between the European Community and Antigua and Barbuda, the Commonwealth of The Bahamas, Barbados, the Republic of Mauritius, the Federation of Saint Kitts and Nevis and the Republic of the Seychelles about abolishing visa requirements for short-term stays. The Czech Presidency was successful in having the mandate for negotiating an agreement on simplifying visa granting rules with Cape Verde approved. The Czech Presidency also initiated comprehensive discussion on the EU visa policy towards third countries and on the possibility of preparing a comprehensive concept of an EU visa policy.

Fight against Terrorism and Organised Crime

The Czech Presidency continued to discuss and negotiate the proposal for a **Council Framework Decision on the use of Passenger Name Record (PNR) for law enforcement purposes**. In February, the Council decided to **sign the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism**. The Presidency also ensured the continuous fulfilment of tasks ensuing from the **Action plan enhancing explosives safety**. Much attention was paid to long-term activities combating **radicalisation and recruitment** into terrorist structures. Czech Presidency further focused on sharing best practices with **Western Balkans** countries in the area of combating terrorism. The evaluations of Member States and their ability to cope with the consequences of acts of terrorism continued during the Czech Presidency (2nd round of **"peer evaluation"**).

In the combat against organised crime, the Czech Presidency focused on **human trafficking** issues. These efforts yielded results in the form of **Council conclusions on establishing an**

informal network of national rapporteurs that should help improve the exchange of accurate information on the situation of the fight against human trafficking and on sharing experience and best practices.

Police Cooperation

The Council approved two recommendations: one addresses **police radio communication in border areas** and sets forth further actions for improving cooperation in this field towards the final goal of introducing a "single" European radio communication technology, while the second recommendation addresses the **fight against illegal motor races** and highlights the need for exchange of information between the competent police authorities of the EU Member States. The Czech Presidency also managed to complete the **information delivery manual** that will, along with the border operations manual, supersede the existing police cooperation manual. The Presidency also took an interest in the development of common centres for police and customs cooperation.

In the area of **exchange of information**, the Presidency focused on problems associated with the implementation of the "Swedish Initiative" that aims to simplify exchange of information between law enforcement authorities, and on further progress in the implementation of the "Prüm decision". As regards the first issue, the Presidency was successful in launching discussion on simplifying the information exchange forms; as far as the Prüm decision is concerned, a draft evaluation procedure and model forms for individual areas (DNA, fingerprints, motor vehicle registration records) were prepared.

In April, **the Council adopted a decision establishing the European Police Office (Europol)**. The decision supersedes the existing legal provisions, and Europol will thus become an EU agency similar to Eurojust, FRONTEX or CEPOL on 1 January 2010. The Council also appointed a **new Europol Director**, choosing the British candidate Rob Wainwright. In April, the Council authorised the Europol Director to commence negotiations of an **agreement on operative cooperation with Israel** that would facilitate personal data disclosures. An agreement on the consolidated text of the revised **cooperation agreement between Europol and Eurojust** was reached at the end of April; the final version should become effective on 1 January 2010.

Customs Cooperation

The Czech Presidency evaluated the implementation of the **Council recommendations for the preparation of agreements between the police, customs authorities and other specialised law enforcement services regarding the prevention of crime and fight against crime**. The evaluation report was adopted by the Council in March 2009. The document evaluates the existing cooperation between the police, customs and other law enforcement authorities and contributes to the development of cooperation between the above-mentioned authorities.

The Presidency prepared, in a joint effort with some other Member States, a document that summarises customs cooperation-related tasks that may help reach the goals of the **Stockholm Programme** on freedom, justice and security that is currently in the works.

The Presidency exerted considerable efforts to discuss the **decision of the Council that supersedes the Convention on Customs Information System**. During the Czech Presidency, the proposal prepared by the French Presidency was essentially revised and an agreement was reached. The decision will contribute to sharing information on cross-border crime between customs administrations and other law enforcement authorities.

Civil Protection

The biggest success was the adoption of **Council conclusions on civil protection awareness raising**, which contain recommendations in three areas: raising public awareness, safety of rescue service personnel, and training of diplomatic personnel regarding the Civil Protection Mechanism.

External Relations in the Area of Justice and Internal Affairs

The Czech Presidency focused primarily on the continued implementation of existing initiatives. Approaching the organisation of the JAIEX ad hoc auxiliary working group for external relations in a proactive way, the Presidency helped strengthen internal coordination and involve the Member States in this agenda and facilitated discussion on important cross-sectional issues.

The Presidency focused on strengthening **cooperation with the new US Administration** in the area of justice and internal affairs, and helped open the dialogue on the future shape of transatlantic relations in this field. In response to the decision of US President Barack Obama to shut down the Guantánamo Bay detention centre, the Presidency initiated talks regarding an agreement on a joint course of action in this matter. The discussion was successfully completed by the beginning of June, when the **Council and Member State government officials approved the conclusions on the closing of the Guantánamo Bay detention centre** that include a schedule providing for a mechanism for exchange of information regarding persons accepted from Guantánamo Bay.

The Presidency also continued the efforts to deepen cooperation with another strategic partner of the EU – the **Russian Federation**, especially on the May meeting of the EU-Russia Permanent Partnership Council for the areas of freedom, justice and security. A similar meeting between the EU and **Ukraine** at ministerial level was devoted to further development of mutual cooperation. The Presidency was further active in leading a discussion on strengthening the cooperation between the SECI Centre and Europol, defending the position of the EU on data protection and on the role of Europol within the SELEC convention. The Czech Presidency further organised regular meetings of liaison officers or the regular Troika meetings with key international organisations (Interpol, Council of Europe).

External Relations

Eastern Partnership and Southern Corridor

The Presidency guided the preparations and the adoption of the concept of the **Eastern Partnership**. Leaders of the European Union and six partner countries – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine – officially launched the Eastern Partnership by adopting a joint declaration at the **Eastern Partnership Summit on 7 May 2009 in Prague**. An introductory meeting of four multilateral thematic platforms of the Eastern Partnership, which hosted expert debates on issues of democracy, good governance, economic integration, energy security and contacts between people, was held already in June 2009.

Negotiations with **Ukraine** on a new enhanced agreement were continued and the mandate to initiate negotiations on the new enhanced agreement with **Moldova** was adopted. The Czech Presidency also focused on **Georgia, Azerbaijan and Armenia**, and the EU's cooperation with **Belarus** was intensified.

On **8 May 2009** in Prague the Czech Presidency held a **"Southern Corridor – New Silk Road" summit**, a meeting of the EU and energy feedstock producing or transporting countries within the framework of the Southern Corridor. The aim was to provide a political impulse to the implementation of decisions already adopted by the EU with the objective of diversifying energy resources. The importance of the summit is underscored by the fact that it was historically the very first meeting of its kind. The primary outcome of the summit is the **Prague Declaration** that expresses not only a general interest in broad cooperation building on initial cooperation in the energy sector but also a commitment to take concrete measures in relation to the basic difficulties of energy cooperation within the Corridor, i.e. the transport regime via Turkey and securing feedstock for the planned pipelines.

EU – Russia Relations

The political dialogue was dominated particularly by two events: the impacts of **the crisis in Georgia in August 2008 and the crisis over gas supplies** from Russia to the EU **in January**

2009. In spite of this, the dialogue was held to the full extent and all planned meetings took place during the Czech Presidency.

The **23rd EU – Russia summit was held in Khabarovsk** on 21 – 22 May 2009. In particular, the leaders addressed the issues of energy security (opinions on the future global arrangement of energy relations, guarantees to Russia regarding future gas supplies) and EU foreign policy. The summit showed the ability of the EU to lead a dialogue with Russia on all issues, including contentious ones.

Three rounds of negotiations on a **new Agreement on Partnership and Cooperation with Russia** were successfully concluded; both parties submitted proposals, and in the fifth round negotiations on compromise texts in several areas were initiated.

Russia continued promoting its initiative in security issues and submitted a new initiative in the energy sector.

Transatlantic Relations

Contacts with the new US Administration in the area of transatlantic relations were successfully established. The **EU –USA Summit was held in Prague on 5 April 2009** and the Ministers of Foreign Affairs met over a lunch in the context of this summit. The Heads of State or Government of the EU Member States discussed the following issues with President Obama: the global economic and financial situation, energy and climate and the situation in the Middle East, Afghanistan and Pakistan. The Ministers of Foreign Affairs focused on Eastern Europe, the Western Balkans, Afghanistan and Pakistan, the Middle East and Iran. Both meetings confirmed a high degree of convergence of views between the EU and the US and mutual interest in close cooperation. Thorough preparations during the High-Level Troika Meeting with the USA at the level of Foreign Ministers in February and the meeting of the EU with US Vice President Biden in March contributed towards the success of the summit. In the context of the informal summit, the Conclusions of the European Council from June 2009 confirmed the strategic importance of transatlantic relations.

On 6 May 2009 the **EU-Canada summit** was also held in Prague. It announced the launch of negotiations on a comprehensive agreement on economic cooperation.

The Western Balkans

The Western Balkans region was among the main topics of the **informal meeting of Ministers of Foreign Affairs - "Gymnich" - in Hluboká nad Vltavou (27 – 28 March)**. This meeting confirmed the shared interest in continuing the process of integration of the countries of this region into the EU. During the Czech Presidency the EU advanced in strengthening its role in Bosnia and Herzegovina. It is thus prepared to assume additional tasks arising from the expected closing of the office of the High Representative. However, this will take place only after Bosnia and Herzegovina meet the stipulated conditions. The Czech Presidency also supported the integration of Kosovo into the regional cooperation and the process of European integration.

The Mediterranean and the Middle East

As a result of **the Gaza conflict** in 2008/2009, the Presidency focused its attention primarily on addressing the crisis and minimising its impacts.

This conflict froze the developments within the Union for the Mediterranean, which was practically inactive since the beginning of 2009 at the request of the Arab partners. It was not until the end of the Czech Presidency that its activities were partially restored. In the meantime, a European proposal for the status of the secretariat of the Union was drafted.

The events in Gaza delayed, inter alia, the development in improving **the EU-Israel relations**. In relation to the new Israeli Government, the Presidency focused on upholding the acquis, particularly on the two-state solution and the removal of obstacles to the creation of a Palestinian state.

Strengthening the interest of the USA in the search for a solution to the Israeli-Palestinian conflict, in relation to the arrival of the new Administration, is another important element for future developments in the Middle East. The efforts of the Presidency thus focused on the coordination of the approach of the EU and the USA with other international partners, particularly members of the Middle East Quartet. Through active dialogue, the Presidency supported the constructive efforts of the Arab states based on the Arab Peace Initiative. An informal summit with Jordan, which took place on 17 June 2009, was also focused on reviving the Middle-East peace process. The Conclusions of the European Council in June 2009 confirmed that the peace process in the Middle-East remains one of the topmost EU priorities.

In June 2009 the Presidency coordinated the EU reaction to the course of the Iranian presidential election and the ensuing protests. In this context, the European Council adopted a statement on Iran.

Other Regions

At the start of the Presidency the dialogue with **China** was successfully re-established. In January, Chinese Prime Minister Wen Jiabao visited the EU institutions in Brussels and met with President of the European Council Mirek Topolánek. In May the rescheduled **11th summit EU-China** took place in Prague and was followed by an EU Ministerial Troika Meeting with Chinese counterparts in Hanoi. In addition to the EU-China summit, the successful summits **EU-Japan** and **EU-Republic of Korea** were held in May. In June 2009, the European Council issued a statement condemning the nuclear tests performed by the Democratic People's Republic of Korea.

The Czech Presidency coordinated the preparation and organisation of several multilateral ministerial meetings: **ASEM (Asia-Europe Meeting)**, **EU-ASEAN (Association of Southeast Asian Nations)** and the **EU-Gulf Cooperation Council (GCC) meeting**. In the context of the Asia-Europe (ASEM) Meeting of Foreign Ministers in Hanoi, the very first meeting of the EU Ministerial Troika with Burma/Myanmar took place. In June 2009, the European Council called for release of political prisoners in Burma/Myanmar, including Aung San Suu Kyi.

The **EU Troika meeting with Afghanistan** at the level of Ministers of Foreign Affairs, held in Prague in January, confirmed the ongoing commitments of the EU and the interest of Afghanistan in further development of these commitments. At a meeting in February the EU General Affairs and External Relations Council initiated a reflection on its contribution towards the stabilisation of Afghanistan; consequently, the Council Conclusions on Afghanistan were adopted in March 2009. The June Council Conclusions initiated a revision of the possible involvement of the EU in Afghanistan on the basis of existing policies and activities with the objective to specify the potential further steps before October 2009. The determination to expand the EUPOL police mission was reconfirmed. In March, Prague hosted the EU Troika – Pakistan meeting at the level of Ministers of Foreign Affairs. Here the EU focused on the following areas: governance, the fight against terrorism, the rule of law, trade and development cooperation. The Troika meeting was one of the preparatory steps leading up to the very first ad hoc **EU-Pakistan summit** in June 2009. The statement of the European Council from June 2009 confirmed the fundamental elements and objectives of the EU involvement in the region of Afghanistan and Pakistan.

In the region of **Central Asia** the implementation of the EU Strategy for Central Asia continued with emphasis on energy issues (i.e. the Southern Corridor summit). The Presidency strengthened the political dialogue (e.g. the very first visit of the President of the European Council in Kazakhstan and Turkmenistan in February 2009; regular regional political dialogue of the EU Troika with the countries of Central Asia on 29 – 30 May). With respect to Turkmenistan, the European Parliament approved the conclusion of an Interim Agreement.

On 11 – 14 May 2009 Prague hosted a meeting of Ministers of Foreign Affairs of the EU and the **Rio Group**. The plenary meeting of Ministers on 13 May 2009 was preceded by a series of meetings at lower levels, during the course of which a joint statement was negotiated. The Ministerial EU-Rio Group Meetings (6th EU-Mexico Joint Council, 4th EU-Chile Association Council, EU Troika – Latin America and EU Troika – Mercosur) were held on 14 May 2009.

During the Presidency the EU continued the **political dialogue with Cuba**, which was re-established in October 2008. The meeting of Ministers focused on the issue of human rights and

development cooperation. Building on this and other meetings the Ministers of Foreign Affairs meeting at the GAERC Council in June decided that the mutual political dialogue should continue.

The Presidency led a political **dialogue with African countries**. It was forced to react to political crises (particularly Madagascar). On 18 June 2009 was held the first EU Troika meeting with the Prime Minister of **Zimbabwe** after the arrival of the new Government formed with participation of the opposition, thanks to which the door started opening for a normalisation of the EU-Zimbabwe relations.

European Security and Defence Policy

In this area, the Presidency focused particularly on the issue of the **development of civilian capabilities**. At the informal meeting of EU Ministers of Foreign Affairs in Hluboká nad Vltavou the Presidency submitted two documents with the aim to provide political impetus for efforts to overcome remaining deficiencies.

With respect to **EU military operations**, the Presidency focused particularly on the issue of transfer of authority over the operations in Chad and the Central African Republic to the UN, which took place on 15 March 2009. It also addressed the possibility of transforming the ALTHEA operation in Bosnia and Herzegovina to a training and advisory mission and the search for a consensus on the issue of extending the duration of the anti-piracy navy operation ATALANTA by one year.

In the area of the **development of EU military capabilities** the Presidency focused on several concrete projects, particularly the helicopter initiative and enhancing helicopter capabilities for crisis management operations. Within the framework of implementation of the study exchange programme between military academies for young officers that was modelled on the ERASMUS programme, the Presidency proposed the creation of a new working sub-group responsible for the **student exchange between military academies**, and was later entrusted with its management. In cooperation with the European Defence Agency the Presidency strove to create a harmonised European certification process in the area of airworthiness, ensure greater support for small and medium-sized enterprises and their participation in tenders within the European defence equipment market and, last but not least, set up a system of European education and training for workers participating in cooperative armaments programmes.

The Presidency proactively supported the intensification and deepening of the cooperation between the EU and NATO, particularly by holding regular meetings of the EU-NATO Group on capabilities.

Combating Terrorism

In the first half of 2009 the EU continued in certain initiatives that had been launched already during the preceding Presidencies, i.e. particularly **providing help to Pakistan and the Sahel countries** in the fight against terrorism. In April 2009 the Commission and the Presidency and several other Member States organised a mission to Pakistan that identified areas in Pakistan potentially in need of help from the EU. The results of the mission together with the conclusions of the discussion of the working group for terrorism were reflected in the conclusions of the **very first EU-Pakistan summit**.

The Presidency also drew attention to other countries that should become a priority for the EU in the context of cooperation in combating terrorism and providing technical assistance – the countries concerned include particularly the **countries of the Western Balkans and Yemen** with which the EU established a **dialogue on cooperation in combating terrorism** during the Czech Presidency.

The Presidency was forced to address an entirely new issue as well, i.e. the **closure of the Guantánamo detention camp**. The EU welcomed the decision of US President Obama to close Guantánamo and initiated a debate on possible participation of EU Member States in the relocation of the detainees who were cleared for release. This issue was discussed also at the informal EU-USA summit on 5 April, where the EU was officially addressed by President Obama with a request for help. In spite of significantly different opinions of several Member States the Presidency succeeded in finding a consensus on this issue. The consensus was confirmed by the adoption of a

joint coordinated approach in assisting the USA with the closure of Guantánamo. Subsequently, the EU and the USA adopted a joint declaration on the closure of Guantánamo.

Combating the Proliferation of Weapons of Mass Destruction and Arms Exports Control

The Czech Presidency revived the EU efforts to support the **Comprehensive Nuclear Test Ban Treaty** (CTBT) and sent demarches to Ministers of Foreign Affairs of the remaining countries, whose ratification is needed for the adoption of the Treaty.

The Presidency also initiated the first meeting of EU experts responsible for the fight against illegal air transport of small arms and light weapons.

In the context of the Wassenaar Arrangement a common position of the EU on the issue of arms licences was reached which coincides with the position of the EU Member States that are former members of the Warsaw Pact.

Human Rights and Transition Policy

In March 2009 a conference entitled "Building Consensus about EU Policies on Democracy Support" was organised in cooperation with non-government partners. It addressed the need to consolidate the instruments of the EU external relations policy so that they aim towards one of the policy's key objectives – the support of democracy around the world. In the future, the political and strategic vision of democracy support and the EU's commitment in this area should be formulated in the future in the "**Consensus on Democracy**".

During the Presidency the **revision/update of eight sets of documents containing instructions for the exercise of the human rights policy was concluded**. These instructions were published again and presented to the public. Significant development was reached in their further implementation, with emphasis on human rights defenders, the death penalty and violence against women. Among other activities, the launch of a discussion on the pan-European initiative "*Shelter City*" should be mentioned. This initiative aims to create a network of European cities and regions that could provide temporary shelter for human rights defenders who are in danger in their own country.

Other initiatives taking place during the Czech Presidency included a series of meetings within the framework of the human rights dialogue as well as consultations with third countries, including China and Russia. A new dialogue on issues of human rights was initiated with Georgia and Belarus.

On 26 – 30 June 2009, the **Holocaust Era Assets Conference** that focused, inter alia, on the issues of Holocaust legacy remembrance, social programmes for Holocaust survivors and support for the education of young people, was held in Prague and Terezín. At the conference, the **Terezín Declaration** was approved and also a declaration of the Czech Presidency and the Commission was signed. As a part of the conference achievements, the establishment of the **European Shoah Legacy Institute** in Terezín was announced. It will be implemented by the Czech Government in cooperation with other national governments and both Czech and international organizations. Thus the Czech Republic confirmed its long-term interest in preserving the legacy of the Holocaust tragedy and further addressing the issue of redress for the injustices suffered by its victims.

Development Cooperation and Humanitarian Aid

On 29 – 30 January 2009 the **informal meeting of EU Development Ministers** was held in Prague. The meeting focused on "local sustainable energy resources", good governance, the humanitarian situation in Gaza, the impacts of the financial crisis on developing countries and the Eastern dimension of development cooperation.

On 2 March 2009 the **Donors' Conference in Sharm el-Sheikh in Egypt** was held. The participants in the conference welcomed the efforts of Egypt to maintain ceasefire and called upon Israel to open all the access routes to the Palestinian Territories. The total amount of the international aid pledged was USD 5.2 billion.

On 22 – 23 April 2009 an international conference was held in Brussels in support of Somalia's security sector and the AU Mission in Somalia (AMISOM). Participants from more than 60 countries pledged a total of USD 213 million for this cause.

On 4 – 9 April 2009 the 17th session of the ACP-EU Joint Parliamentary Assembly was held in Prague. The main topic was the impact of the financial and food crisis on **the countries of Africa, the Caribbean and the Pacific** (ACP). Resolutions on agreements on economic partnership, climate change, the financial and food crisis, Somalia and ethnic, cultural and religious diversity were adopted at the meeting.

On 18 – 19 May 2009 the Ministers for Regional Development met within the framework of the EU General Affairs and External Relations Council in Brussels. The main item on the agenda was the adoption of the Council Conclusions on supporting developing countries in times of crisis. The agenda also included the following items: Agreements on economic partnership, deepening the EU-US cooperation in the field of development and political dialogue within the principles of good governance.

On 28 – 29 May 2009 a further **revision of the Cotonou Agreement** was officially initiated at the ACP-EC Council of Ministers. The Council agreed on a mandate for the Commission to renegotiate the Cotonou Agreement. The Council of Ministers adopted a joint resolution on the global financial crisis and a joint declaration on climate change and endorsed the EU-ACP economic partnership process.

On 10 – 11 June 2009 Rome hosted a meeting of G8 Development Ministers, attended by representatives of the Czech Presidency. The Ministers called for stepping up efforts in meeting international commitments concerning official development assistance. They also upheld the G20 commitment to increase resources available to the IMF for developing countries and the introduction of innovative sources of financing.

On 16 – 19 June 2009 a session of the **Global Platform for Disaster Risk Reduction** took place in Geneva. Among its main topics were the main strategic challenges for developing countries with high disaster risk within the context of sustainable development, relations between natural disasters and climate change, which have a negative impact on social and economic welfare not only in developing countries but also in developed countries. Acting on behalf of the EU, the Presidency contributed to this issue by presenting a joint statement on the topic of "EU Strategy for supporting disaster risk reduction in developing countries."

The Conclusions of the European Council from June 2009 reaffirm the EU commitment to support developing countries in fulfilling the **Millennium Development Goals** and meet their respective objectives of official development assistance. The EU also expects deepened cooperation with the USA in the area of development assistance in the future.

The last significant event of the Presidency in the area of development cooperation was a high-level UN conference on the impacts of financial and economic crisis on development, which was held on 24 – 26 June 2009 in New York.

International Sanctions and Fight against Financing of Terrorism

In the area of coordinating the implementation of international sanctions, the Czech Presidency focused on addressing technical issues related to the implementation of these sanctions. With respect to the as yet non-existing international data exchange, success was reached, inter alia, **in the setting of basic mechanisms for international cooperation**. Furthermore, the Presidency contributed to the formulation of **common approaches in the implementation of international sanctions**.⁴

⁴ These sanctions are applied against individuals and private entities and, as the case may be, against third countries included in the relevant lists, with the aim to maintain and renew peace and security in the world and to combat terrorism.

Common Trade Policy

Fight against Protectionism and Efforts for Further Liberalisation of International Trade

The financial crisis and global economic downturn brought challenges in the area of the EU foreign trade policy as well. Conclusions of several discussion forums confirmed that the generally accepted way out of a crisis is to refuse protectionism, open new markets, remove tariff and non-tariff barriers and, last but not least, support funding of trade transactions. The Czech Presidency contributed towards the **initiation of the monitoring of protectionist measures in the World Trade Organisation** and to the launch of a similar process within the EU. The above-mentioned priorities, i.e. the monitoring process and allocation of funds for financing trade, were also confirmed by the G20 Summit in London. Last but not least, the summit reaffirmed the commitment to strive to reach an ambitious and harmonious agreement within the framework of the WTO Doha Development Round.

Bilateral Trade Relations

During the Presidency the Czech Republic attempted to achieve maximum development in bilateral meetings on trade liberalisation between the EU and third countries. The initiation of negotiations on the **Comprehensive Economic Partnership Agreement with Canada** at the EU-Canada summit and the significant step forward in negotiations regarding the signing of the **Free Trade Agreement with the Republic of Korea** rank among the greatest achievements of the Czech Presidency. The **EU-Republic of Korea summit** held in Seoul on 23 May 2009 also contributed towards the resolution of several mutual disagreements. Other achievements of the Presidency include the significant development in negotiations on bilateral free trade agreements with the countries of the Andean Community and Central America.

Another achievement of the Czech Presidency was the **high-level meeting between EU and China** representatives in May, which focused on issues of mutual economic cooperation. The negotiations with the Russian Federation on the possibility of its accession to the World Trade Organisation, which would significantly influence the trade relations between the EU and Russia, also continued.

Bringing down Trade Barriers

In **fulfilling the "Global Europe" trade strategy**, the Presidency, in accordance with the priorities set out within the framework of the re-launch of the discussion on the functioning of the system of trade protection instruments, focused on the issue of procedure transparency. In this field, a broad consensus was reached among the EU Member States, which resulted in the Commission proposal to implement many changes to the current practice so as to improve the transparency of trade defence investigations. The changes will be implemented in the coming months.

The Czech Presidency also continued in pushing through the implementation of the **revised Market Access Strategy**, which should facilitate access of European entrepreneurs to the markets in third countries. Special attention was devoted to the BRIC group of rapidly developing economies (Brazil, Russia, India, China).

Last but not least, the Czech Presidency also endorsed efforts leading to better protection and enforcement of intellectual property rights, which contributed towards creating equal competition conditions.

Trade Financing

During the Czech Presidency the longstanding discussion on **improving the conditions of export credits** for renewable energy production equipment was successfully concluded and the obsolete agreement on nuclear energy credit conditions for was updated. **From 1 June 2009 it will be possible to offer export credits for renewable energy production equipment as well as for nuclear energy payable up to 18 years following finalisation**, with significantly more flexible payment terms, with the possibility to defer the first payment by up to 18 months and other

elements that result in a great improvement of conditions for exporters of such equipment; moreover they are better adjusted to the exporters' needs.

As a result of an initiative of the Czech Presidency **global funds for support of trade financing were boosted by USD 250 billion** and the temporary possibility to apply for exceptions was negotiated, whereby **state credit insurance companies** may, on the basis of a decision of the Commission, offer **short-term credit insurance** in case commercial insurance companies are not able to provide it.