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THE EUROPEAN UNION**



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General Affairs

Brussels, 26 June 2012

President

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Main results of the Council

The Council decided to **open accession negotiations with Montenegro** on 29 June 2012, subject to the endorsement by the European Council.

It reached a second partial general approach on further elements of the **cohesion policy legislative package** for 2014-2020.

It held a discussion on a revised version of the negotiating box for the EU's **multiannual financial framework** for 2014-2020.

It prepared the **European Council** meeting on 28-29 June on the basis of draft conclusions. As part of the European Semester, the Council approved draft **country's specific recommendations** and transmitted them to the European Council for endorsement.

In the margins of the Council an **accession conference** at ministerial level with **Iceland** and an **association Council with Turkey** took place on 22 June in Brussels.

The Council also adopted a decision approving, on behalf of the EU, the extension of the geographical scope of operations of the **European Bank for Reconstruction and Development** to the southern and eastern Mediterranean.

It adopted a directive on control of **major-accident hazards involving dangerous substances**.

It approved a draft regulation on **bilateral investment treaties with third countries**.

It agreed a general approach on a draft regulation on the **tachograph used in road transport** aimed at making fraud more difficult and reducing the administrative burden by making full use of new technologies.

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State Secretary attached to the Minister for Foreign Affairs, with responsibility for European Affairs

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Minister for European Affairs

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State Secretary at the Ministry of Foreign Affairs

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Mr Alexander STUBB

Minister for European Affairs and Foreign Trade

Sweden:

Ms Birgitta OHLSSON

Minister for EU Affairs

Mr Carl BILDT

Minister for Foreign Affairs

United Kingdom:

Mr David LIDINGTON

Minister of State for Foreign and Commonwealth Affairs

.....
Commission:

Mr Maroš ŠEFČOVIČ

Vice President

Mr Janusz LEWANDOWSKI

Member

Mr Stefan FULE

Member

Mr Johannes HAHN

Member
.....

The Government of the Acceding State was represented as follows:

Croatia:

Ms Vesna PUSIĆ

Minister for Foreign and European Affairs

ITEMS DEBATED

Enlargement - Montenegro

The Council adopted the following conclusions:

"In line with the European Council conclusions of 9 December 2011, the Council welcomed the Commission's recent report on Montenegro's progress in the implementation of reforms, with particular focus on the area of the rule of law and fundamental rights, especially the fight against corruption and organised crime.

The Council endorsed the Commission's assessment that Montenegro has achieved the necessary degree of compliance with the membership criteria, and in particular the political criteria set by the Copenhagen European Council in 1993, to start accession negotiations. In this regard, the Council underlined the particular importance it attaches to the area of the rule of law and fundamental rights, and urged Montenegro to tackle the issues of concern identified by the Commission in its latest progress report, especially the independence of the judiciary, the fight against corruption and organised crime, and the need for Montenegro to step up its efforts in order to establish a solid track record in the course of the negotiations. The Council invites Europol to present a report on the situation with regard to organised crime in Montenegro, and asks the Commission to ensure that this contribution is taken into account in the forthcoming screening reports.

In this light, the European Union will take account of the experience acquired from previous accession negotiations, notably in relations to the negotiating chapters on judiciary and fundamental rights and on justice, freedom and security. A new approach will be applied to both chapters, which will be tackled early in the negotiations to allow maximum time to establish the necessary legislation, institutions and solid track records of implementation. An overall balance in the progress of negotiations across chapters should also be ensured.

The Council adopted the general EU position, including the negotiating framework, with a view to the opening of accession negotiations with Montenegro.

The Council decided, subject to the endorsement by the European Council, that accession negotiations should be opened on 29 June 2012."

Cohesion policy - public session

The Council agreed a second partial general approach¹ on the new rules for EU cohesion policy for the 2014-2020 period (*11027/12 REV 1 + 11027/12 ADD 5 REV 2*).

The purpose of cohesion policy is to reduce disparities between the levels of development of the EU's various regions.

The partial general approach agreed today complements the partial general approach on six rather technical elements² agreed on 24 April ([8925/12](#)).

The Council's latest partial general approach is aimed at improving efficiency and effectiveness of cohesion policy spending by concentrating investments on a limited number of thematic objectives and by enhancing the use of financial instruments and private public partnerships.

Care has been taken to ensure that the partial general approach does not prejudge the outcome of negotiations on other elements of cohesion policy or on the EU's multiannual financial framework (MFF) for 2014-2020 or financial regulation.

The partial general approach may therefore be subject to change as a result of these other negotiations.

The partial general approach agreed today covers the four following thematic blocks:

- Thematic concentration, as set out in [11027/12 ADD 1 REV 1](#). The funds are concentrated on a limited number of thematic objectives reflecting the 2020 priorities of the EU and taking into account the level of development of the different regions. Minimum shares of cohesion policy expenditure are set for employment, social inclusion and education.

¹ A general approach is a political agreement of the Council pending the adoption of a first-reading position by the European Parliament. The general approach on the cohesion policy legislative package is partial since some elements are excluded, in particular the sums to be devoted to cohesion policy and the eligibility of different regions.

² Programming; ex ante conditionality; management and control; monitoring and evaluation; eligibility; major projects.

- Financial instruments, as set out in *11027/12 ADD 2 REV 2*. The five funds covered by a common strategic framework (CSF)¹ may be used to support financial instruments such as loans, guarantees, equity investments or other risk-sharing instruments as long as these instruments address specific market needs.
- Net revenue generating operations and private public partnerships, as set out in [11027/12 ADD 3 REV 1](#). This part of the partial general approach applies to operations which generate net revenue after their completion such as the construction of infrastructure (e.g. roads) for the use of which charges are levied. The Council agreed to reduce the eligible expenditure of a project to be co-financed by the EU by taking into account the project's potential to generate net revenue. The partial general approach also includes provisions on the use of the five funds covered by the CSF to support operations implemented within a private public partnership.
- Performance framework, as set out in [11027/12 ADD 4 REV 1](#). This includes provisions setting out the rules on the possibility of suspension and cancellation of funds in case of serious underachievement in meeting certain targets.

As regards the question whether the link between the EU strategy for jobs and growth on one hand and cohesion policy on the other should be assured through country-specific recommendations or national reform programmes, the Danish presidency decided to await clarification on the macroeconomic conditionality within the discussion on the multiannual financial framework (MFF) 2014-2020.

Further discussions will be held at Council level in the coming months under the Cypriot Presidency with a view to reaching another partial general approach. The new cohesion policy rules are closely linked to the MFF negotiations; they are only expected to be adopted by the European Parliament and the Council once an agreement on the MFF has been reached.

¹ European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF).

Multiannual financial framework - public session

The Council discussed the EU's multiannual financial framework (MFF) for the 2014-2020 period on the basis of a revised negotiating box¹ ([11539/12](#)). This served to prepare the first substantial discussion which the European Council will hold on this subject at its meeting on 28-29 June.

Ministers welcomed the work undertaken by the Danish presidency and the progress achieved so far. Views diverged on the question whether the negotiating box should be considered as the or a basis of further work.

As regards the modifications introduced into the negotiating box in the last few weeks the presidency suggestion to keep separate sub-headings for "competitiveness for growth and jobs" and "economic, social and territorial cohesion" was broadly welcomed. The text additions on island regions (paragraph 41) and the cohesion policy's contribution for investment, growth and job creation (paragraph 18) were appreciated by some delegations. Others were opposed to dedicate a special consideration to island regions in the allocation method of structural funds or asked to mention the contribution which other EU policies, notably the Common Agricultural Policy, make in enhancing growth and the creation of jobs. The presidency suggestion to put the international thermonuclear experimental reactor (ITER) and the European Programme for the establishment of a European capacity for Earth Observation (GMES) within the MFF was welcomed by some member states and objected by others.

As regards the other elements of the negotiating box some member states asked to remove the so-called reversed safety net, limiting the scope of cohesion policy support to a certain percentage compared to its level during the 2007-2013 period. Others, however, stressed the importance of this provision and insisted to keep it in the negotiating box. Some ministers voiced doubts on the so-called macro-economic conditionality (aimed at ensuring that the effectiveness of expenditure of the five funds under the common strategic framework² is underpinned by sound economic policies) and expressed fears of a possible double punishment, in combination with the rules on European governance. Others, however, insisted to keep it in the text. In respect of the CAP, some delegations considered the proposed convergence of direct aids per hectare in terms of scope and timeframe as insufficiently ambitious. Others, however, found it too drastic.

¹ The negotiating box is a paper drafted by the presidency outlining the main elements and options for the MFF negotiations. It is constantly updated as negotiations move forward and is ultimately intended as the basis for an agreement of the European Council. Once an agreement is reached, its content will feed into legislative work on the different legal acts.

² The European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

Only few ministers commented the revenue side of the negotiating box. Some of them stressed the need to reform the own resources system whereas others preferred to keep the current rules.

The incoming Cyprus presidency expressed its intention to use the work of the Danish presidency as point of departure for future discussion.

The European Council of 28-29 June is expected to approve procedural conclusions to guide the negotiation process. It will also discuss the issue of how the new MFF can best contribute to the creation of growth.

The aim is to reach an agreement before the end of this year.

Preparation of the June European Council

The Council examined draft conclusions for the European Council meeting to be held on 28-29 June, prepared by the President of the European Council in cooperation with the Danish presidency and the Commission.

The European Council will focus on:

- *Economic policy*: conclusion of the 2012 European Semester (annual monitoring of budgetary policies and structural reforms), EU agenda for growth (discussed at 23 May informal European Council meeting), trade and investment partnerships with international partners;
- *Multiannual financial framework*: first substantial discussion on the 2014-2020 MFF (see previous item);
- *Other issues*: enlargement (opening of accession negotiations with Montenegro), progress on dossiers relating to justice and home affairs files, including Schengen governance and asylum, nuclear energy and foreign policy.

An annotated draft agenda was discussed by the Council on 29 May ([9370/12](#)).

As part of the European Semester, the Council approved draft country's specific recommendations (CSR) and transmitted them to the European Council for endorsement. The draft CSR have also been discussed in EPSCO and ECOFIN.

Ministers also had an exchange of views on a report from the President of the European Council on the future of the Economic and Monetary Union.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

EBRD - Extension of operations to southern and eastern Mediterranean

The Council adopted a decision approving, on behalf of the EU, the extension of the geographical scope of operations of the European Bank for Reconstruction and Development to the southern and eastern Mediterranean.

Adoption of the decision follows an agreement reached with the European Parliament, which accordingly approved the text on 13 June at first reading.

Founded in 1991, the EBRD currently supports economic development in 29 countries in central and eastern Europe and central Asia. Extension of its operations to the southern and eastern Mediterranean, which will be enacted by amendments to the agreement establishing the EBRD, reflects support by the international community for a transition in the region towards market economies and pluralistic democratic societies.

Issuance of euro coins

The Council adopted a regulation introducing binding rules for the issuance of euro coins intended for circulation, commemoration or collection. The regulation specifies that coins intended for circulation should in most cases be issued at face value. It also lays down criteria for collector coins and stipulates that member states may in general only issue two commemorative coins per year.

Venture Capital Funds and Social Entrepreneurship Funds

The Council agreed on a general approach¹ on draft regulations concerning European Venture Capital Funds ([11761/12](#)) and European Social Entrepreneurship Funds ([11762/12](#)). The agreement paves the way for the continuation of negotiations with the European Parliament with a view to their swift adoption.

¹ A general approach is an agreement on the essential elements of a legal act, pending the opinion of the European Parliament.

The overall objective of the proposals is to foster the growth of SMEs by improving their access to finance through the establishment of an EU-wide passport to venture capital fund (EuVECA) and social entrepreneurship fund (EuSEF) managers in relation to the marketing of their funds.

The proposals introduce uniform requirements for the managers of collective investment undertakings that want to operate under the EU-wide passport. They introduce requirements as to the investment portfolio, investment techniques and eligible undertakings that a qualifying fund may target. They also introduce uniform rules on which categories of investors a qualifying fund may target and on the internal organisation of the managers that market such qualifying funds. Identical substantive rules across the EU will help create a level playing field for all market participants.

The Commission introduced separate draft regulations for EuVECA and EuSEF, as these two types of funds are different in nature. EuVECA normally focus on providing equity finance for SMEs in the start-up phase of business, whereas EuSEF often have a larger range of qualifying investment tools available, such as combined public and private sector finance, debt instruments or small loans.

Venture capital funds are operators that provide mostly equity finance to companies that are generally very small, in the initial stages of their corporate development. In the EU, venture capital funding has high, but largely unexploited, potential. SMEs backed by venture capital can create high-quality jobs, as venture capital supports the creation of innovative businesses.

The proposals ([18499/11](#) and [18491/11](#)) were submitted last December and are part of the Single Market Act and the Commission's action plan to improve access to finance for SMEs ([18619/11](#)).

JUSTICE AND HOME AFFAIRS

EU-Turkey readmission agreement

The Council adopted a decision ([10676/12](#)) on signing the EU-Turkey readmission agreement as set out in doc 10693/12. It also decided to forward the draft decision on the conclusion of the said agreement ([10697/12](#) and [10693/12](#)) to the European Parliament for its consent following signature of the Agreement.

On 21 June 2012, the Council adopted [conclusions](#) on developing cooperation with Turkey in the areas of justice and home affairs.

Charter of Fundamental Rights

The Council adopted conclusions ([10935/12](#)) on the 2011 report from the Commission regarding the application of the EU Charter of Fundamental Rights ([8905/12](#)), emphasizing the importance that EU institutions and bodies, as well as member states, fully enforce the Charter when implementing EU law .

TRADE POLICY

Bilateral investment treaties

The Council reached political agreement on a draft regulation on bilateral investment treaties with third countries, following an agreement reached with the European Parliament on 29 May.

The agreed text will be sent to the Parliament, which is expected to adopt it at second reading without further amendment.

The draft regulation is aimed at ensuring a smooth transition from the current system of bilateral investment treaties (BITs) between member states and third countries to a system whereby EU BITs are negotiated by the Commission.

For details, see press release [11876/12](#).

Anti-dumping and anti-subsidies measures

The Council adopted regulations:

- amending regulation 102/2012 imposing a definitive anti-dumping duty on imports of steel ropes and cables originating, inter alia, in China as extended to imports of steel ropes and cables consigned from, inter alia, the Republic of Korea, whether declared as originating in the Republic of Korea or not ([10520/12](#));

- amending regulation 917/2011 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of ceramic tiles originating in China, by adding a company to the list of producers from China listed in Annex I ([10523/12](#));
- terminating the partial interim reviews concerning the countervailing measures on imports of certain polyethylene terephthalate (PET) originating in, inter alia, India ([10528/12](#) + [COR 1](#));
- terminating the partial interim review concerning the anti-dumping measures on imports of certain polyethylene terephthalate (PET) originating in India ([10533/12](#));
- imposing a definitive anti-dumping duty on imports of certain seamless pipes and tubes, of iron or steel, originating in Russia and Ukraine, following an expiry review pursuant to regulation 1225/2009, and terminating the expiry review proceeding concerning imports of certain seamless pipes and tubes, of iron or steel, originating in Croatia ([10895/12](#));
- amending regulation 349/2012 imposing a definitive anti-dumping duty on imports of tartaric acid originating in China ([11196/12](#)).

GENERAL AFFAIRS

EU strategy for the Baltic sea region

The Council adopted conclusions on the completion of the review of the EU strategy for the Baltic sea region as set out in document [10054/12](#) (+ [ADD 1](#) + [ADD 2](#)).

Chairing of certain working parties

The Council took note of the request of the incoming Cyprus presidency that Denmark chair certain working parties during the period from 30 June to 31 December 2012 ([11454/1/12 REV 1](#)).

Correction coefficients for EU officials living in Estonia

The Council adopted a regulation adjusting the correction coefficients applicable to the remuneration and pensions of officials and other servants of the European Union ([10944/12](#)). The regulation is aimed at taking into account the substantial increase in the cost of living in Estonia in the period from June to December 2011.

Decision amending the Convention on a common transit procedure

The Council adopted a decision on the position to be adopted, on behalf of the European Union, in the EU-EFTA joint committee concerning the adoption of a decision amending the Convention of 20 May 1987 on a common transit procedure ([11169/12](#)).

Decision amending the Convention on a common transit procedure

The Council adopted a decision on the position to be adopted, on behalf of the European Union, in the EU-EFTA joint committee concerning the adoption of a decision amending the Convention of 20 May 1987 on a common transit procedure ([11170/12](#)).

Evaluation of EU agencies

The Council approved a Joint Statement and Common Approach of the European Parliament, the Council of the EU and the European Commission on decentralised agencies.

TRANSPORT

Tachograph regulation *

The Council agreed on a general approach as regards a new regulation on the tachograph used in road transport ([11433/12](#)), settling the issue of the proposed merger of the driving licence with the tachograph driver card, which was left open in the partial general approach already reached last December ([18148/11](#)).

The general approach does not retain the Commission's proposal to incorporate a microchip with the driver card functionalities into the driving licence for professional drivers, since the majority of delegations have doubts as to whether the benefits of such a merger would justify the costs it entails.

The aim of the new draft legislation, which will replace the 1985 tachograph regulation, is to make fraud more difficult and to reduce the administrative burden by making full use of new technologies and introducing a number of new regulatory measures.

For more details, see press release [11592/12](#).

ENVIRONMENT

Export and import of dangerous chemicals.

The Council adopted a regulation ([PE-CONS 12/12](#)) concerning the export and import of dangerous chemicals. This regulation replaces regulation 689/2008, which implements the Rotterdam Convention on the Prior Informed Consent Procedure (PIC) for certain hazardous chemicals and pesticides in international trade.

The new regulation aims to promote shared responsibility and cooperation at international level in order to protect human health and the environment from potential harm and to contribute to the environmentally sound use of hazardous chemicals.

The scope of the regulation is not limited to chemicals that are banned or severely restricted under the Convention, but also covers those chemicals at EU level. In addition, the regulation ensures that all chemicals are appropriately packed and labelled when exported.

Control of major-accident hazards involving dangerous substances

The Council adopted a directive on control of major-accident hazards involving dangerous substances ([PE-CONS 22/1/12 REV 1](#) + ADD1). The new directive will replace, by 1 June 2015, the current Seveso II Directive¹ which applies to around 10 000 establishments in the EU.

The adoption of the directive follows an agreement reached with the European Parliament, which accordingly approved the text on 14 June at first reading.

For more information see press release [11889/12](#)

¹ OJ L 010, 14.1.1997.

AGRICULTURE

Electronic identification of bovines and computer database networks - Progress report

The Presidency presented a report highlighting the progress achieved during the first half of 2012 on two proposals ([10689/12](#)) :

- amendment to regulation 1760/2000 as regards electronic identification of bovine animals and deleting the provisions on voluntary beef labelling;
- amendment to directive 64/432/EEC as regards computer databases which are part of the surveillance networks in the Member States.

The amendment to the regulation has two main objectives:

- to introduce electronic identification (EID) as an official means of identification of bovine animals throughout the EU on a voluntary basis for the keepers.
- to repeal the specific administrative procedures required for indication of voluntary information on the labels of beef and beef products.

The proposed Directive would adjust the current surveillance networks by introducing an additional requirement to indicate in the computer database the type of electronic identifier, if applied to the animal.

