



**COUNCIL OF
THE EUROPEAN UNION**



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**PRESIDENCY CONCLUSIONS FOR THE
EURO-MEDITERRANEAN MEETING OF
MINISTERS OF FOREIGN AFFAIRS**

(THE HAGUE, 29-30 NOVEMBER 2004)

INTRODUCTION

1. The Euro-Mediterranean Meeting of Foreign Ministers in The Hague, 29-30 November, took place at a time of increasing engagement between the EU and the Mediterranean partners. Ministers confirmed that the Barcelona Process, enhanced by the European Neighbourhood Policy, is the main initiative for the Mediterranean in which the EU and the Mediterranean partners jointly participate. The Barcelona Process, enhanced by the European Neighbourhood Policy, is the central instrument for partnership and dialogue for the Mediterranean, which in its turn, will lead to achieving the objectives of the political, social and economic reforms generated from within the societies concerned as also stated in the EU Strategic Partnership with the Mediterranean and the Middle East. The meeting in

P R E S S

The Hague was the second Ministerial Meeting between Barcelona VI (Naples) and Barcelona VII (Luxembourg), which underlines the importance given to the Partnership by its Members. It not only conducted the traditional stocktaking of progress, but additionally launched the preparation of the tenth anniversary, which falls in November 2005. In that context, Ministers agreed that a comprehensive review of the process should be put in hand to be submitted to Ministers at Luxembourg for approval, which should provide basis for decisions on the future of the process. In this context Ministers decided that 2005 will be the Year of the Mediterranean.

2. The meeting has sent a strong message of the shared commitment of Europe and the Mediterranean partners to the Barcelona Process, enhanced by the European Neighbourhood Policy, for achieving peace, stability and prosperity in the Euro-Mediterranean neighbourhood. It reiterated that within this partnership the EU will give further focussed support to reform undertaken by partners according to agreed priorities and based on shared values as endorsed by the Barcelona Declaration. Ministers welcomed the Arab League Tunis Declaration on Reform and Modernisation as the Arab Mediterranean Partners' guiding framework for their cooperation with international partners. In this context, Ministers welcomed the EU willingness to support indigenous programmes for development and reform emanating from within the countries of the Mediterranean.

EUROPEAN NEIGHBOURHOOD POLICY

3. Ministers welcomed the progress made in developing the European Neighbourhood Policy, as a policy to enhance the Barcelona Process. Through this policy the EU will work with each partner individually, at the appropriate pace, to deepen political and economic integration and achieve the objectives of a privileged relationship based on shared values, endorsed by the Barcelona Declaration. Ministers welcomed progress made in consultations concerning the Action Plan with Israel, Jordan, Morocco, the Palestinian Authority and Tunisia. Consultations on Actions Plans should be pursued with Egypt and Lebanon.

4. Building on the decisions made and achievements reached within the Barcelona Process, the European Neighbourhood Action Plans will reinforce existing forms of co-operation within the Euromed framework. Thus the achievements of bilateral and sub-regional co-operation should feed into the multilateral process and vice versa. The European Neighbourhood Policy envisages new forms of co-operation, notably the crossborder co-operation by means of the MEDA Neighbourhood Programme. The implementation of crossborder co-operation would require a specific capacity building effort by Partners and Member States. It will be supported in the framework of the proposed European Neighbourhood and Partnership instrument.

REVIEW OF THE BARCELONA PROCESS

5. Ministers agreed that a comprehensive review, prepared by Senior Officials₂ of the Barcelona Process should be submitted to Ministers in Luxembourg for approval; this should provide the basis for decisions on the future of the process. In that respect the two Euro-Mediterranean independent networks of research organisations, EuroMeSCO and FEMISE, are requested to contribute to the review of the Barcelona Process. Other independent actors and non-governmental organisations should also feel free to make their own submissions. These contributions will be the subject of discussion by Senior Officials.
6. Ministers stressed the importance for the Senior Officials from the EU and partner countries to prepare in depth for the extraordinary Euro-Mediterranean Conference which will celebrate the tenth anniversary of the Barcelona Process in November 2005 and to formulate appropriate recommendations. Senior Officials should decide on the working methods for this, based on the principle of partnership and mutual trust with a view to enhancing Euro-Mediterranean co-operation. The recommendations will be presented to the Euro-Mediterranean Conference in the first half of 2005.

IMPLEMENTATION OF THE BARCELONA-ACQUIS

7. The priority to be given to the process of political, social and economic reform and modernisation, as stated in the three volets of the Barcelona Process, is now widely recognised. The challenge as far as the Mediterranean is concerned will be to improve the efficiency of the Barcelona Process enhanced by the European Neighbourhood Policy as an instrument to this end. Still greater efforts are needed to translate words into actions and to demonstrate genuine political will to implement the commitments jointly entered into in the Valencia Action Plan. The European Neighbourhood Action Plans, once agreed, will be an important demonstration of this shared political will. They should be implemented as a priority, in a focussed way through the organs of the Association Agreements and

with support from MEDA at the national level. The Barcelona Process should be used as a political framework to confirm the joint commitment to the plans and to ensure the consistency of their objectives and their contribution to regional and sub-regional integration. In this regard, the provision of adequate financial resources should be considered, taking into account the importance attached to the southern Mediterranean countries. Finally, Ministers reaffirm the importance of ensuring that Barcelona activities are open to all Mediterranean Partners.

NEW INTERNATIONAL INITIATIVES

8. The year 2004 has shown a variety of new initiatives by different international frameworks aimed at furthering and accelerating the political, economic and social reform process in the Mediterranean region. New initiatives include the Arab League Tunis Declaration on reform and modernisation and the G8 Sea Island Declaration. In this context, and in order to further the EU Strategic Partnership's focus on reform issues, Ministers reaffirmed the centrality of the Barcelona Process enhanced by the European Neighbourhood Policy, but at the same time acknowledged that there should be a continuous effort for improvement of the Partnership in all its aspects. Ministers also confirmed their willingness to work alongside other international actors insofar as their policies are compatible with the principles and approach to which the EU and its Mediterranean partners are committed.

ASSOCIATION AGREEMENT SYRIA

9. Ministers welcomed the conclusion of the negotiations for the Association Agreement with Syria, which represents an important step forward in EU-Syria relations. Once the signature with Syria is confirmed, all Association Agreements will be in place. Those in force are being actively implemented through the Association Councils, Committees and the comprehensive set of technical sub-committees being set up.

POLITICAL DIALOGUE

10. Ministers reviewed developments since their last meeting in Dublin. Ministers agreed that the changes in the political situation create new hope and opportunities for political dialogue between the parties concerned. Both Palestinian and Israeli leaders have contributed to this positive atmosphere.

11. Reaffirming their commitment to a negotiated solution agreed between the parties in accordance with the Roadmap, Ministers agreed that an important opportunity presents itself to bring about the peaceful realization of the Two State solution with a Palestinian State which is sovereign, independent and viable, living side by side in peace with Israel. Ministers recalled that a just, lasting and comprehensive peace, in accordance with relevant UN resolutions, the terms of reference of the Madrid conference and the principle of land for peace, must meet the legitimate aspirations of the Israeli and Arab people, notably the Palestinians. They agreed that the Quartet should play an active role in pursuing the goal of a comprehensive regional peace. In this respect they welcomed the Quartet statement of 22 September 2004.
12. Ministers agreed that the focus should lie on the immediate future. They underscored the need for positive steps from Israel and the Palestinian Authority in the following areas and agreed to support these efforts where possible. Priority should be given to a smooth transfer of power in the Palestinian Territories. In this respect, Ministers were encouraged by the signals coming from Palestinian leaders. They agreed that Palestinian presidential elections, development of a strong, financially stable and democratic Palestinian Authority, improvement of the security situation and acceleration of the agreed-upon Palestinian reform programme were essential. Ministers recognised the importance of Israel taking the necessary measures to improve the economic and security situation of the Palestinian population. They also stressed the importance of Israel lifting the closures to allow for free movement of people and goods and to facilitate the holding of free and fair Palestinian elections, including in East Jerusalem. Furthermore, Ministers encouraged Israel and the Palestinian Authority to strengthen security co-operation.
13. Ministers reiterated that the decision by the Israeli government to withdraw from the Gaza Strip and parts of the West Bank would, within parameters as formulated by the EU, represent a significant step towards the implementation of the Roadmap. The economic viability of those territories was considered crucial in this respect.
14. A just and comprehensive peace in the Middle East is the strategic option for the Arab countries as stated in the Arab Peace Initiative as adopted by the Beirut Arab League Summit of March 2002. Ministers stressed that a comprehensive peace must include Syria and Lebanon.

15. Ministers called on all States in the region to exert every effort to promote peace and urged all states to act to combat terrorism.
16. Partners discussed Libya's full integration into the Barcelona Process and took note of ongoing consultations in view of addressing outstanding issues.
17. Ministers welcomed the outcome of the meeting on Iraq in Sharm al Sheikh on 23 November 2004 and underscored the objective of a secure, stable, unified, prosperous and democratic Iraq that will make a positive contribution to the stability of the region. They reaffirmed their commitment to support the implementation of UN Security Council Resolution 1546 and underscored the need for a leading role of the United Nations. Ministers welcomed all steps taken by the Iraqi Interim Government to achieve a broad participation of the Iraqi political spectrum in the political process and to hold general elections before the end of January 2005. They also welcomed the commitment to Iraq's future by its neighboring states, as so clearly stated in the Sharm al Sheikh meeting.
18. Ministers took note of the importance of the International Criminal Court as an effective means to combat impunity from the most heinous crimes of concern to the international community. Ministers of these countries which have ratified or acceded to the Rome statute encouraged other partners to do so.

POLITICAL AND SECURITY DIALOGUE

19. In line with the commitments entered into under the Association Agreements and where appropriate in the framework of the European Neighbourhood Policy, Partners agreed to continue working towards the implementation of political reforms, and welcomed a structured dialogue, based on joint ownership, on co-operation on human rights and democratisation including support for civil society. European Neighbourhood Action Plans devote a central part to political dialogue and reform, strengthening democratisation and the rule of law. New sub-committees under the Association Agreements are being set up with Morocco, Jordan, and pending final agreement with Tunisia, whilst a promising dialogue has begun with Egypt. Financial support will be given from MEDA in 2006 for countries implementing these measures.

20. The EU and some countries of the region, particularly Morocco, Algeria and Tunisia, have stepped up the dialogue and co-operation on counter-terrorism which could be extended to other Partners. Cooperation should be developed using a comprehensive approach based on international commitments leading to concrete activities in the fight against terrorism, notably by preventing the financing of terrorism, as well as a dialogue on the underlying factors relating to the recruitment for terrorism. Such cooperation should respect and further the rule of law, human rights and political participation. In this regard, Ministers noted Egypt's initiative concerning the organisation of an international conference on terrorism and Tunisia's proposal for a code of conduct on the fight against terrorism. Ministers welcomed progress in the co-operation in the field of counter terrorism through the holding of an ad hoc meeting on the 10th of November 2004 in Brussels, on terrorism that underlined the importance of this global approach
21. Ministers welcomed the results of the discussions among Senior Officials, on the initiative of the Personal Representative of HR Solana for non-proliferation of WMD, on possibilities for enhancing dialogue and cooperation on regional security and elimination and non-proliferation of WMD, as a follow-up to the Presidency conclusions of the Euromed mid-term meeting of MFA in Dublin (5-6 May 2004). Subject to Terms of Reference to be agreed upon by the Partners, Ministers endorsed the idea in principle of organising an ad-hoc meeting within the Barcelona framework. Ministers instructed Senior Officials to conduct consultations in order to reach the necessary agreement on the modalities for such a meeting beforehand and requested the Personal Representative to assist in this process. It could be held in the first half of 2005.
22. Partners reaffirmed the need to develop the dialogue to address issues on their security. The new format for developing dialogue and co-operation on ESDP, as successfully confirmed at the ad hoc meeting on the 10th of November in Brussels, should be pursued and gradually lead to agreed activities. Ministers encouraged the Commission to continue support for Partnership Building Measures i.e. the Malta Diplomatic Seminars, co-operation in Civil Protection and Disaster Management and the EUROMESCO network of foreign policy institutes. Ministers welcomed the progress report on Partnership Building Measures under the co-ordination of Italy and Jordan.

FREE TRADE AREA

23. A successful Euro-Mediterranean Trade Ministerial was held in Istanbul on the 21st of July 2004. On economic issues the first priority is to take further steps towards the creation of the Euro-Mediterranean Free Trade Area by the target date of 2010. Ministers took note that substantial progress has been made on free trade. The network of bilateral EU/Mediterranean partner arrangements has been reinforced by the entry into force of the agreements with Jordan and Egypt and of the interim agreement with Lebanon. The Agadir Agreement between Jordan, Egypt, Tunisia and Morocco has opened new perspectives of integration among southern Mediterranean partners. The Agadir Agreement should enter into force in 2005 with technical assistance from MEDA to its Secretariat in Amman. Agadir represents a promising experience that should be pursued and followed by other partners. The Agadir Process should be extended to other Arab Mediterranean partners, without prejudice to their continuing to establish free trade with other partners, as Ministers noted. The upgrading of the bilateral trade agreements between Jordan and Israel for further liberalisation allowing for further diagonal cumulation of origin is a significant contribution. A significant contribution is also made by Morocco, the PLO and Tunisia through the conclusion of free trade agreements with Turkey; more countries should express their willingness to conclude free trade agreements with Turkey. Ministers welcomed the agreement reached at Palermo that the pan-Euro-Mediterranean Protocol on cumulation of origin should be adopted in the framework of Association Agreements. Ministers promoted the use of the new framework protocol for the liberalisation of services that can constitute an appropriate basis for future negotiations between the EU and Mediterranean partners. The strategy for accelerating the liberalisation of trade in agriculture has begun to be addressed through a meeting at senior expert level, with a view to Ministers agreeing later on measures for reciprocal agricultural trade liberalisation within a package – containing a specific roadmap - including trade in processed agricultural products and non-trade aspects (rural development, etc.). Furthermore, in line with the European Neighbourhood Action Plans, harmonisation with the EU Single Market should be developed in priority sectors such as customs, environment, industrial standards, health, veterinary and phyto-sanitary regulations. A Ministerial Meeting on textiles was held in Tunis on the 28th of September.

INDUSTRY AND ENTERPRISE CO-OPERATION

24. Industry Ministers adopted the Euro-Mediterranean Charter for Enterprise at the Conference held in Caserta on 3-4 October 2004. By doing this, Euro-Mediterranean partners agreed to put industry and enterprise development high on their political agenda. The Charter defines common, coherent and monitorable principles to improve the business environment and boost competitiveness. Industry Ministers also confirmed their readiness to converge towards EU regulations and standards within an international context, for industrial products; partners have already started the process of identifying priorities for harmonisation in this area. Ministers have also started a discussion on new forms of co-operation, at national, regional and sub-regional level, aimed at fostering the competitiveness of Mediterranean partners' production systems, stimulate business links and investments in the region and disseminate innovation. The Conference also launched co-operation at sectoral level, including a Pan-Euro-Mediterranean dialogue on the future of the textile and clothing industry. Industry Ministers took note of a proposal by Greece to host their next meeting in 2006.
25. Free trade needs to be accompanied by regional economic integration. Further steps should be taken towards infrastructure development including interconnection in transport and energy: the new MEDA Neighbourhood Programme for 2005-2006 allocates a considerable share of its €45 million to promote inter-connections and investments in these two sectors and the European Neighbourhood Action Plans incorporate measures to promote further integration. The development of a regional gas market in the Mashraq region and a regional electricity market in the Maghreb region, with their eventual integration with that of the EU, as well as the development of joint initiatives between Israel and the Palestinian Authority in the energy sector, should continue to be promoted. In the field of transport the aim is to support transport sector reforms and identify a backbone transport infrastructure network for the region as well as the interconnection of the Trans-European Transport Network with the neighbouring regions. Ministers welcomed the official opening of the Rome Euro-Mediterranean Energy Platform (REMEP) as from 15 October 2004.
26. In addition to liberalisation and regional economic integration the deepening of the economic reform process is required. Economy and Finance Ministers should meet next year, possibly back to back with the FEMIP Ministerial to be held in Morocco in 2005, to consider key economic reform policy issues aimed at fostering growth, private sector development, poverty reduction and lower unemployment.

27. There remains a need to develop the access of the Mediterranean partners to the knowledge economy through regulatory reform and transfer of technology. The Ministerial meeting on Information and Communications Technologies, to take place in Dublin in the first half of 2005 on this subject, as well as the World Summit on Information Society (WSIS) to be held in Tunis in 2005, should give a boost to this process.
28. Research and Technological Development (RTD) also has an important role to play. The inclusion of capacity building and investments in the field of RTD in the European Neighbourhood Action Plans will provide new synergies between different EU instruments, like MEDA and ENPI and the Framework Programme for RTD.

FINANCING

29. The considerable improvement in the performance of MEDA is still increasing. The main reasons for this success are the deepening of the Partnership, the better appropriation of programmes and projects by all Mediterranean partners, and the devolution of decisions and implementation to the EU Delegations. At the end of 2004, payments (€750 Million) will for the first time in the history of MEDA overtake the amount of commitments (€700 Million). Future financial assistance under MEDA and its successor will further prioritise and focus on support for reform, while also taking account of the other objectives of the Barcelona Process.
30. The EIB is becoming one of the most important sources of external investment financing in the region, both for public and private sector projects. Total FEMIP lending to the region stands at more than €13 billion and is rapidly increasing. The volume of new projects is reaching €2 billion per year. Ministers should acknowledge the success of FEMIP activities and reaffirm their commitment to the establishment of the FEMIP Trust Fund in the light of the financial contributions to be made by Euro-Mediterranean partners in the course of 2005. The Ministers noted again that the possibility of the incorporation of an EIB majority owned subsidiary dedicated to the Mediterranean partner countries will be fully assessed in December 2006, on the basis on an evaluation of FEMIP's performance as agreed in the Naples Euro-Mediterranean Conference.

JUSTICE, SECURITY AND MIGRATION

31. Ministers recognised the importance of co-operating on key issues such as the functioning of the judiciary, migration, as well as combating major threats like drugs, terrorism and organised crime. The European Neighbourhood Action Plans contain a large section dedicated to this co-operation that will concretely be implemented through the “Justice and Security” and “Migration and Social Affairs” sub-committees. Ministers confirmed the importance of an integrated approach recognising both that migration is a positive factor for socio-economic development and integration of the whole region and that there is a common interest in fighting illegal migration within the context of a comprehensive approach, in particular in upholding respect for the rule of law and the rights of asylum-seekers and legal migrants. Ministers also reaffirmed their existing commitment to the conclusion of readmission agreements. There should be co-operation in identifying the roots of migration, in the fight against illegal migration and in improving the social, political and cultural integration of migrants. In the light of the successful implementation of the regional JHA-framework programme covering the justice, police and migration sectors, ministers encouraged the launching of its second phase. New projects should lead to collaboration in new areas, such as commercial as well as civil matters, including the facilitation of the resolution of family conflicts, in respect of national legislation and international law.
32. In the light of the common problem of illegal migration to Maghreb countries and the subsequent transit migration to the EU, characterised by human suffering, there is a need for intensified co-operation that addresses root causes as well as negative effects of transit migration and the possibility of a dialogue with third countries to address the issue. This co-operation should involve all aspects of illegal migration, the fight against human trafficking and related networks as well as other forms of illegal migration, border management and migration related capacity building. Support for capacity building and providing technical assistance to countries meeting their obligations under the Geneva Conventions could be considered.

DIALOGUE BETWEEN CULTURES AND CIVILISATIONS

33. The successful launching of the Anna Lindh Foundation for the Dialogue between Cultures planned for 2005 will be an important benchmark for the future in terms of political perceptions and visibility of the Foundation, which will be located in the Alexandria Library in tandem with the Swedish Institute in Alexandria. To this end Ministers agreed to facilitate and promote all activities of the Foundation, to support the participation of their civil societies in the work of the Foundation and to confirm their political commitment by substantial financial contributions by all partners. Its location in a Mediterranean partner country has important symbolic value and the involvement of civil society in this initiative on a subject at the heart of the political relationship is to be welcomed. Ministers welcomed the formal adoption of the Statute of the Foundation and the first constituent meeting of the representatives of the national networks held in Brussels preparing for the official launching of the Foundation in 2005.
34. Ministers underlined the need to prevent all forms of extremism, radicalisation and incitement. They underlined that the Barcelona Process, and in particular the Dialogue between Cultures, should be used to the fullest to promote understanding between and among the people living in the EU and around the Mediterranean and to create conditions in which freedom and initiative can flourish. They stressed the need for to make sure that extremism and radicalization, racism, discrimination and xenophobia do not gain the upper hand over the majority of the population that wants to live peacefully.
35. On civil society, Ministers welcomed the meeting held in Cyprus in June 2004 and the general assembly planned for March 2005 with the objective of the constitution of the “Euro-Mediterranean Non-Governmental Platform” aiming at the reinforcement of civil society networks of the region. Ministers looked forward to the next Civil Forum to be held on 1-2 April 2005.
36. Ministers agreed to enhance existing activities supporting cultural diversity such as Euromed Audiovisual and Euromed Heritage, and foster exchanges of expertise and dialogue on the promotion of cultural diversity, as well as promoting the access of cultural products to the EU and partner countries in view of ‘knowing the other’.

EDUCATION, YOUTH AND WOMEN

37. In a region where young people make up more than half of the population partners should encourage all efforts to improve their living conditions and support the improvement of standards of education and literacy. The European Neighbourhood Action Plans and MEDA should support co-operation in these fields. In this respect Ministers noted the successful implementation of the TEMPUS programme for co-operation on higher education.
38. Ministers acknowledged the valuable work of the Youth Platform and agreed to enhance the Euromed Youth programme, which has given more than 15.000 young people the opportunity to work together on common cultural values. A further objective for the future should be to promote mobility and exchanges and thus allow youth to discover the diversity of cultures by travelling, taking part in exchanges as one of the main ways for mutual understanding and promoting respect for cultural differences.
39. All efforts should be made through bilateral and regional co-operation as well as through financial support from MEDA, to increase the education level of women and promote their equal political, social, cultural and economic opportunities in the respective societies.

PARLIAMENTARY ASSEMBLY

40. In March 2004, the Euro-Mediterranean Parliamentary Assembly held its inaugural session in Athens, a landmark in joint efforts to promote inter-parliamentary exchanges as a vehicle to foster pluralistic democracy as well as making an additional contribution to the overall implementation of the partnership. Ministers looked forward to the second meeting of the Euro-Mediterranean Parliamentary Assembly to be held in Cairo in 2005.

VISIBILITY

41. Finally, partners agreed to make a major effort to remedy the lack of visibility of the Barcelona process and its achievements. In this context they decided that 2005 will be the Year of the Mediterranean. They arranged for an effective convergence of the message they give. For its part the Commission will be stepping up its activities through the Euro-Med Dialogue programme on information and communication of the partnership.

OVERVIEW OF DEVELOPMENTS: ANNEX

42. A detailed overview of developments in the Barcelona Process is contained in the annex. It indicates clearly that in spite of political obstacles progress continues to be made in a large number of areas and that the partners continue to develop the objectives identified at Barcelona in 1995 and covered by the jointly agreed Valencia Action Plan.

**LIST OF BARCELONA PROCESS ACTIVITIES SINCE THE
NAPLES EURO-MEDITERRANEAN CONFERENCE OF FOREIGN MINISTERS**

ASSOCIATION AGREEMENTS

1. The Agreement with Egypt entered into force in June 2004. Ratification of the Agreements with Lebanon and Algeria is well advanced. Negotiations with Syria have been concluded. Association Councils and Committees are held regularly under the Agreements in force and technical sub-committees have been set up with Morocco, Tunisia and Jordan. Under the MEDA programme, twinning activities between Ministries and other public bodies in EU Member States and Mediterranean Partners have been prepared or launched during 2004 to facilitate the implementation of the Association Agreements with Jordan, Morocco, and Lebanon.

EUROPEAN NEIGHBOURHOOD POLICY

2. Consultations with Morocco, Tunisia, Jordan, Israel and the Palestinian Authority for Action Plans are expected to be finalised soon. Consultations should be pursued for Action Plans with Egypt and Lebanon. The MEDA Neighbourhood Programme for the Mediterranean is expected to be approved before the end of October.

EURO-MEDITERRANEAN PARLIAMENTARY ASSEMBLY

3. The Euro-Mediterranean Parliamentary Assembly was set up at a meeting in Athens on 22-23 March 2004. Its three Committees held their constituent meetings in Brussels in September.

FINANCIAL COOPERATION

4. Cooperation with Mediterranean partners has proceeded in the framework of MEDA funding. The increased effectiveness and efficiency in the implementation of programmes has been confirmed and accelerated in recent months. The payments/ commitments ratio will improve dramatically from 28% under MEDA I (1995-1999) to 105 % in 2004. The process of de-concentration has been virtually completed and now all Commission Delegations in Partner countries assume ample responsibilities in the implementation of programmes and projects. This increased efficiency is also the result of a better absorption capacity of Partners' beneficiaries and administrations. The national and regional indicative programmes for the period 2005-2006 were approved, thus establishing the agreed broad lines of Euro-Med cooperation priorities for the two years to come both at bilateral and regional levels.

5. In line with the Council Conclusions of November 2003, the EIB has proceeded with the implementation of a "Reinforced" FEMIP lending facility. A regional office has been established in Cairo and others are being set up in Rabat and Tunis. At the Alexandria Ministerial meeting in June, the EIB introduced proposals to establish a donor Trust Fund that provides additional grant financing for technical assistance and risk capital operations under FEMIP. Furthermore, the Special FEMIP Envelope was introduced as a new financing window for private sector projects with higher commercial risks. The Trust Fund has received sufficient donor pledges to be launched before the end of the year. The first project proposals on the Special Envelope are also expected in the next few months

HUMAN RIGHTS AND DEMOCRATISATION

6. Progress has been made in implementing the Commission Communication on human rights and democratisation with Mediterranean partners: the regional political dialogue has covered the rights of the child, and is envisaged to discuss the fight against racism and xenophobia; specific commitments, with objectives and benchmarks, are included in the European Neighbourhood Action Plans; sub-committees under the Association Agreements on human rights, democratisation and governance have been set up with Morocco, Tunisia and Jordan; a dialogue has been started with Egypt.

POLITICAL AND SECURITY COOPERATION

7. The political and security dialogue has been pursued at regular meetings of Senior Officials of the Barcelona Process and has covered human rights and democracy, conflict prevention and crisis management, the fight against terrorism, non-proliferation of weapons of mass destruction and other matters of mutual interest.
8. Ad-hoc meetings on the fight against terrorism were held in April 2004, concentrating primarily on ways to prevent the financing of terrorism and November 2004, concentrating on enhanced co-operation with some Mediterranean partners.
9. Agreement has been reached on the principle of holding a workshop or ad hoc meeting on the non-proliferation of weapons of mass destruction, involving senior governmental and non-governmental experts.
10. A meeting of the Political and Security Committee with Mediterranean partners took place on the basis of an Options Paper for further dialogue and cooperation in ESDP matters. In response to comments from Mediterranean partners a further meeting was held under a revised format within the Barcelona Process involving Senior Officials and ESDP experts from all partners in November 2004.
11. Existing partnership building measures have been pursued under the MEDA programme, notably the Malta seminars for diplomats, EuroMeSCo network of foreign policy institutes and cooperation on civil protection. The civil protection pilot project has terminated and been favourably evaluated. It has been agreed to pursue this cooperation through a bridge project in advance of the implementation of a long term project.
12. Two meetings of the ad-hoc informal working groups on Partnership Building Measures and the European Neighbourhood Policy were held in June and September 2004. It was agreed that they would report before the end of the year.

JUSTICE, FREEDOM AND SECURITY

13. The regional programme covering the justice, police and migration sectors has proceeded which permits experts and trainers from Euro-Mediterranean countries to work together in judicial co-operation in civil and penal matters, in the fight against terrorism, drugs and organised crime and in a joint approach to migration. MEDA actions have been supported respectively with the European Institute of Public Administration in Maastricht, the European Police College (CEPOL) and The European University Institute-Robert Schuman Centre in Florence.

TRADE

14. The EU and Mediterranean Partners have pursued the process of creating the Euro-Mediterranean Free Trade Area with concrete steps and initiatives. Of particular relevance are the conclusions reached at the Euro-Med Trade Ministerial in Istanbul to accelerate the introduction of the pan-Euro-Mediterranean cumulation of origin. The conclusion of a common regional protocol for the liberalisation of services was another major step achieved in Istanbul that will open the door for the conclusion of bilateral agreements with Mediterranean Partners. In addition, all Mediterranean partners have now identified the priority sectors for which they wish to obtain improved access to the EU market through the implementation of EU-harmonised legislation on industrial products and the examination of the relevant legislation has already started. Two series of regional training workshops held within the Euro-Med Market Regional Programme financed under MEDA have facilitated preparations for the Euro-Mediterranean Free Trade Area, allowing for information sharing and exchange of experience.
15. The signature of the Agadir Agreement in February 2004 is creating considerable momentum for the establishment of the Southern dimension of free trade. The process of ratification of this agreement should be completed before the end of the year so that implementation starts as foreseen on 1 January 2005. The Commission will support the implementation of the agreement with a targeted MEDA technical assistance, including support for the Secretariat to be set up in Amman. In July 2004 a MEDA sub-regional initiative was launched within Euro-Med Market to help the parties to the Agadir Agreement in this regard.

OTHER ECONOMIC ISSUES

16. The steps taken in the field of energy have been instrumental in further integrating the energy markets in the Euro-Mediterranean region. The two Ministerial Conferences held in 2003 laid the foundations for stronger links in the oil, gas and electricity sectors. Following decisions taken by Ministers in energy and transport the Commission is taking measures to promote inter-connections and investments in these two sectors and commitments in this respect are contained in the Neighbourhood Action Plans. Work on regional energy projects has continued, and some projects have ended, yielding substantial results.
17. In the transport sector the MEDA funded Euro-Mediterranean Satellite Navigation (GNSS) project was launched in September 2004 when the GALILEO Euro-Med Co-operation Office was officially opened in Cairo. The project, which involves Mediterranean Partners in the EU's GALILEO Programme, is one of the priorities within the Euromed Transport III Regional Project financed under MEDA. The SAFEMED project for Co-operation on Maritime Safety and prevention of pollution from ships, which was given a favourable opinion from the MED Committee in April 2004, is another priority.
18. A sizeable part of the MEDA European Neighbourhood programme approved in 2004 will concentrate on the energy and transport sectors as factors for economic growth and regional integration.
19. Telecommunications is another sector of strategic significance for the development of the services economies of the Mediterranean Partners. Under the Irish Presidency, the Euro-Med Experts and Senior Officials Conference brought together sixty representatives in Malahide from authorities dealing with the Information Society in the Mediterranean area, the EU Member States and the European Commission. The programme organised among five panels included issues of Communications policy and regulations, ICT for Business, sustainable growth and education, regional co-operation, eGovernment and Business in ICT. It offered the opportunity to address eBusiness, eGovernment, eEducation, emerging technologies, investment and cooperation at regional and global level. Co-operation on the ground has been going on within MEDA with the EUMEDIS Regional Programme (Euro-Mediterranean Information Society), which facilitates the extension of existing infrastructures through the Eumedconnect project, and promotes applications in areas like telemedicine and distance learning. In addition, the New Approaches to Telecommunications Policy II programme (NATP II) has received the green light from the MED Committee.

- 20- Research and Technological Development (RTD) also has an important role to play. Co-operation will be pursued to open the European Research Area by increasing Mediterranean partners' participation in all research activities open in the VI Framework Programme, reinforcing the specific activities strengthening regional integration and fostering the mobility and exchanges of Mediterranean researchers with EU. The inclusion of capacity building and investments in the field of RTD in the Neighbourhood Action Plans will provide new synergies between different EU instruments, like MEDA and ENPI and the Framework Programme for RTD. The TEMPUS programme to support cooperation in education and training should be continued and developed.
21. The Euro-Med Economic Transition conference next year should take stock of progress on economic reforms in the region. This conference as well as the bilateral Economic Dialogues should also take a forward-looking view on economic reforms in the context of the Neighbourhood Policy. The 8th annual Euro-Med meeting on Economic Transition was held in Brussels in June 2005. Presentations and discussions focused on legal, judicial and regulatory reform in the Partner economies. The importance of a well-functioning legal and judicial system in a market economy was underlined and several Partners presented the programmes and efforts they have undertaken in this respect. Progress towards establishing competition authorities and rules on corporate governance were also discussed. Further comparable Euro-Mediterranean statistics have been compiled and published within the Regional MEDSTAT Programme.
22. Representatives from the key stakeholders in economic reform (including, employers, employees and women) and government officials who deal with economic reform, from across the EuroMed region, met in the Euro-Mediterranean conference on "Managing the Social Consequences of Economic Reform" held in Marrakech on 20 and 21 May 2004. The aims of the meeting were to study how different groups of society are affected by economic reform and to examine strategies to limit its social costs. The conference concluded that although there will always be social costs resulting from economic reform, the failure to implement reform has even greater social costs in the longer term. If implemented effectively, economic reform will result in the creation of an enabling business environment that stimulates investment and job creation, and the provision of better basic services – housing, hospitals, schools, transport – the standards by which good governance is measured. Such reform is being supported by MEDA within a number of bilateral programmes and will be further promoted under the European Neighbourhood Policy. In addition, training activities in the Mediterranean region have been given a boost with the launching in 2004 of two MEDA regional programmes, one on Education and Training for Employment, the other on Training of Public Administrations.

23. A number of MEDA bilateral programmes and projects launched in 2004 provide national and local authorities in the Partners with assistance for modernising higher education and vocational training, and fighting against poverty, particularly through local development programmes, in Egypt and Morocco, for instance.
24. At the Caserta Conference on 3-4 October 2004, Industry Ministers agreed on a work programme for industrial co-operation for 2005-2006. The planned actions are intended to support efforts to implement the principles of the Euro-Mediterranean Charter for Enterprise. These principles relate to administrative simplification, education for an entrepreneurial spirit, improved skills, easier access to finance, better market access, promotion of innovation, the development of efficient business support services, stronger business networks and partnerships and clear information. The work programme focuses on the monitoring of the implementation of the Charter, benchmarking and the exchange of good policy practices at regional level, the promotion of a Pan-Euro-Mediterranean dialogue to identify common strategies for the competitiveness of the textile and clothing industry, as well as the definition of new forms of co-operation for private sector development.
25. At the Summit held in Valencia on 18 and 19 November 2004 Economic and Social Councils and Similar Bodies from the countries of the Euro-Mediterranean Partnership met together. The summit recommended that the role played by civil society organisations in implementing the partnership strategy be recognized by the Ministerial Meeting in The Hague, that representatives of the civil society organisations be closely associated with the implementation of the European Neighborhood Policy Action Plans and that agriculture be given higher political priority in the Barcelona Process. It also called for more integrated and balanced migration policies.

SUSTAINABILITY

26. The 6th meeting of environment correspondents was held in Brussels on 21-22 June 2004. The meeting was instrumental in revitalising the SMAP network of correspondents and of their partners in the NGO community, the international organisations acting in the area and the European Commission services involved in the Euro-Mediterranean Partnership. Both the funding and the policy development aspects of the network will be pursued in the future through the various means identified at the meeting, so that the SMAP network continues to be an important actor in the Mediterranean. As regards environmental policy, there was a consensus that more efforts should be deployed to put sustainable development at the core of national policies and of the Barcelona Partnership. It was estimated that the SMAP Correspondents could have a key role to play in this context and that SMAP strategies and modus operandi, as well as the status and role of the SMAP Correspondents might have to be reconsidered and adapted if necessary, in order to best address this problem. . As to co-operation activities, the 3rd Regional Environment Programme (SMAP III) was given a favourable opinion by the MED Committee in April 2004. The programme aims to assist Mediterranean Partners in designing appropriate sustainable development strategies and mainstreaming environmental issues, as well as supporting Integrated Coastal Zone Management. In addition, the Commission has commissioned an independent assessment on the possible impact of the Euro-Mediterranean Free Trade Area on the sustainable development of the region. The project started in early 2004. Improvement of Water Supply and Management has been the focus of new MEDA funded bilateral programmes, notably in Jordan and Morocco. MEDA regional projects involving universities, research institutes, and specialised agencies have started actions in early 2004 as part of the Regional Programme for Local Water Management.

DIALOGUE BETWEEN CULTURES

27. The Anna Lindh Euro-Mediterranean Foundation for Dialogue between Cultures was launched in the Naples Foreign Ministers' meeting in December 2003, which also agreed on the modalities of setting it up. During the Mid-term Ministerial Conference in Dublin Ministers accepted the offer of Egypt and Sweden that the Foundation should have its headquarters in Alexandria Library in tandem with the Swedish Institute in Alexandria. The Commission has agreed to provide financing of €5 M from MEDA and the Euro-Mediterranean partners have announced commitments with a total figure superior to that amount. The Euromed Committee in July agreed on the appointment of Mr Traugott Schöfthaler as Executive Director Designate. The approval of the Statute of the Foundation and the signature and publication of the Egyptian Presidential Decree concerning the privileges of the Foundation will be the last steps before the official launching of the Foundation.

CIVIL FORUM

28. The Civil Forum in Naples 28-30 November 2003, organised with a comprehensive bottom-up approach, concluded with the decision to ensure continuity through a steering committee to organise future meetings and to give a mandate to the recently created NGO Platform to coordinate actions to strengthen the participation of civil society in the Barcelona process. This structure of continuity has already held a general conference in Cyprus in June 2004 and is organising a general launching assembly prior to the next civil forum under the Luxembourg Presidency in Spring 2005, for which an organizing steering committee (including Luxembourg and Moroccan NGO's and the platform) has been created. This in order to identify the ways and means to achieve a real impact of the civil societies on the development of the Barcelona process.

YOUTH, EDUCATION AND CULTURE

29. The Commission is incorporating the TEMPUS programme of support for co-operation in higher education into MEDA National Indicative Programmes for the Mediterranean partners – calls launched in 2002 and 2003 and selected projects started in academic year 2003/4.
30. Within the MEDA programme, the Euro-Med Youth programme for youth exchanges is continuing with calls for proposals issued three times a year, as are the two programmes on Cultural Heritage and Audio-visual (next phase of each of them launched during 2004). The latter two programmes organized their annual general conferences in 2004 in Rome and Marseilles respectively.

VISIBILITY

31. The Commission is starting a MEDA programme ('Euro-Med Dialogue') in 2004 to raise the visibility of the partnership through co-operation on news-based activities, managed on the ground by the Commission Delegations in the region. It will include a wide variety of actions including TV, radio, actions with journalists, civil society, youth, etc. The Arabic language has been increasingly used in Commission and other MEDA funded publications and web sites designed to inform about the Euro-Mediterranean Partnership.
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