

**EUROPEAN COUNCIL
COPENHAGEN**

**CONCLUSIONS
OF THE PRESIDENCY**

12 and 13 December 2002

ANNEXES

ANNEX I**BUDGETARY AND FINANCIAL ISSUES**

The Union endorses the result of the negotiations which have determined expenditure requirements resulting from the accession of new Member States respecting the ceilings for enlargement related expenditure set out for the years 2004-2006 by the European Council in Berlin.

The European Council invites the Commission to take into account this expenditure in its proposal to adjust the financial perspective, to be adopted by the European Parliament and the Council in accordance with paragraph 25 of the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure.

Based on the accession of 10 new Member States by 1 May 2004, the maximum appropriations for commitments for agriculture, structural operations, internal policies and administration for the new Member States should be the amounts now determined as a result of the negotiations at this European Council, as set out in the following table:

Maximum enlargement-related appropriations for commitments(mio. Euros 1999 prices) 2004-2006 (for 10 new Member States)			
	2004	2005	2006
Heading 1 Agriculture	1.897	3.747	4.147
Of which:			
1a - Common Agricultural Policy	327	2.032	2.322
1b - Rural development	1.570	1.715	1.825
Heading 2 Structural actions after capping	6.095	6.940	8.812
Of which:			
Structural fund	3.478	4.788	5.990
Cohesion Fund	2.617	2.152	2.822
Heading 3 Internal Policies and additional transitional expenditure	1.421	1.376	1.351
Of which:			
Existing policies	882	917	952
Transitional Nuclear safety measures	125	125	125
Transitional Institution building measures	200	120	60
Transitional Schengen measures	286	286	286
Heading 5 Administration	503	558	612
Total Maximum Appropriations for commitments (Heading 1, 2, 3 and 5)	9.952	12.657	14.958

This is without prejudice to the EU-25 ceiling for category 1a for 2007-13 set out in the Decision of the Representatives of the Governments of the Member States, meeting within the Council on 14 November 2002, concerning the conclusions of the European Council meeting in Brussels on 24 and 25 October 2002.

The European Council considers that appropriate adjustments to the EU 15 financial perspective ceilings for the period 2004-2006 to take account of the expenditure requirements relating to enlargement should not – for existing headings – exceed the above amounts.

In addition, a new temporary heading X for a special lump-sum cash-flow facility for the year 2004 and for temporary budgetary compensation for the years 2004 to 2006 should be created within the Berlin ceilings for enlargement related expenditure. The total amounts now determined as a result of negotiations are as follows:

Heading X (special cash-flow facility and temporary budgetary compensation) 2004-2006 (for 10 new Member States)	(mio. Euros 1999 prices)		
	2004	2005	2006
Special cash-flow facility	998	650	550
Temporary budgetary compensation	262	479	346

However, the corresponding ceiling for appropriations for payments for the enlarged Union for the years 2004-2006 should be unchanged compared to the corresponding ceiling set out in Table A of the Berlin conclusions. The European Council recalls paragraph 21 of the Interinstitutional Agreement of 6 May 1999 which sets out the need to maintain an appropriate relationship between commitments and payments.

In accordance with the Own Resources decision of 29 September 2000, the new Member States will fully contribute to the financing of the EU expenditure as from the first day of accession, since the own resources acquis will apply to the new Member States as from accession.

Regarding the ring fencing of expenditure, the European Council recalls paragraph 21 of the Interinstitutional Agreement of 6 May 1999.

The general effort towards budgetary discipline laid down by the European Council in Berlin should be continued in the period beginning in 2007.

ANNEX II**DECLARATION OF THE COUNCIL MEETING IN COPENHAGEN
ON 12 DECEMBER 2002**

The Council notes the following:

1. As things stand at present, the "Berlin plus" arrangements and the implementation thereof will apply only to those EU Member States which are also either NATO members or parties to the "Partnership for Peace", and which have consequently concluded bilateral security agreements with NATO.
2. Paragraph 1 above shall not affect the rights and obligations of EU States in their capacity as EU Members. Consequently, in the absence of any specific provision in the Treaty or in a Protocol annexed thereto (particular case of Denmark), all EU Member States will participate fully in defining and implementing the Union's CFSP, which shall cover all matters relating to the Union's security, including the progressive framing of a common defence policy.
3. The fact that, as things stand at present, Cyprus and Malta will not take part in EU military operations conducted using NATO assets once they have become members of the EU will not, within the limits of the EU Security Regulations, affect the right of their representatives to participate and vote in EU institutions and bodies, including COPS, with regard to decisions which do not concern the implementation of such operations.

Likewise, their right to receive EU classified information, within the limits of the EU Security Regulations, shall not be affected, provided the EU classified information does not contain or refer to any classified NATO information.

ANNEX III**EUROPEAN COUNCIL DECLARATION ON THE MIDDLE EAST**

Peace in the Middle East is an imperative. The European Council calls upon the Israeli and Palestinian people to break the endless cycle of violence. It reiterates its strong and unequivocal condemnation of all acts of terrorism. Suicide attacks do irreparable damage to the Palestinian cause. The European Union supports the efforts of those Palestinians seeking to take forward the reform process and to bring an end to the violence. It appeals to Israel to facilitate those efforts. While recognising Israel's legitimate security concerns the European Council calls upon Israel to stop excessive use of force and extra-judicial killings, which do not bring security to the Israeli population.

Violence and confrontation must give way to negotiations and compromise. The international community, including the parties, share a common vision of two States, Israel and an independent, viable, sovereign, and democratic Palestine, living side by side in peace and security on the basis of the 1967 borders. All efforts should now be directed at translating this vision into reality.

As a result the European Council attaches the highest priority to the adoption on 20 December this year by the Middle East Quartet of a joint road map with clear timelines for the establishment of a Palestinian State by 2005. The implementation of the road map must be based on parallel progress in the security, political and economic fields and should be closely monitored by the Quartet.

In this context, the European Council is alarmed at the continuing illegal settlement activities, which threaten to render the two-State solution physically impossible to implement. The expansion of settlements and related construction, as widely documented including by the European Union's Settlement Watch, violates international law, inflames an already volatile situation, and reinforces the fear of Palestinians that Israel is not genuinely committed to end the occupation. It is an obstacle to peace. The European Council urges the Government of Israel to reverse its settlement policy and as a first step immediately apply a full and effective freeze on all settlement activities. It calls for an end to further land confiscation for the construction of the so-called security fence.

Decisive steps must be taken to reverse the sharply deteriorating humanitarian situation in the West Bank and Gaza, which is making life increasingly intolerable for ordinary Palestinians and fuelling extremism. Humanitarian access and the security of humanitarian personnel and their installations must be guaranteed.

With the aim of supporting the reforms in the Palestinian territories, the EU will continue its budgetary support to the Palestinian Authority with clear objectives and conditions. The EU calls on other international donors to join this engagement also with a view to coherent efforts for reconstruction. Israel on its part must resume the monthly transfers of Palestinian tax revenues.

The European Union is determined to continue the work with its partners in the Quartet to assist Israelis and Palestinians alike to move towards reconciliation, negotiations and a final, just and peaceful settlement to the conflict.

ANNEX IV**EUROPEAN COUNCIL DECLARATION ON IRAQ**

The European Council underlines its full and unequivocal support for the Security Council Resolution 1441 of 8 November 2002. The goal of the European Union remains the disarmament of Iraq's weapons of mass destruction in accordance with the relevant UN Security Council Resolutions. It is now up to Iraq to seize this final opportunity to comply with its international obligations.

The European Council notes Iraq's acceptance of Resolution 1441 and that it has, as required, submitted a declaration on its programmes to develop weapons of mass destruction and related products.

The EU will continue to give its full support to the efforts of the UN to ensure full and immediate compliance by Iraq with Resolution 1441. The role of the Security Council in maintaining international peace and security must be respected.

The European Council expresses its full support for the inspection operations of UNMOVIC and IAEA headed by Dr. Blix and Dr. El-Baradei. The European Council stresses that the weapons inspectors should be allowed to proceed with their important task without interference using the full range of tools available to them under Resolution 1441. The EU looks forward to their assessment of the Iraqi declaration.