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PRESIDENCY REPORT

To : The European Council

Subject : *European Union action following the attacks in the United States*

1. Few events have galvanised the international system into action so completely in so short a time as the horrific attacks of 11 September in the United States. In the immediate aftermath, the Union expressed its full solidarity with the United States and its support for the action, including military action, which it was taking. The fight against terrorism is more than ever a major policy objective of the European Union.
2. At its extraordinary meeting in Brussels on 21 September, the European Council underscored its firm determination to act in concert in all circumstances and agreed a coordinated and comprehensive Action Plan to combat terrorism. The commitment to strengthen the coalition of the international community to combat terrorism in every shape and form was forcefully reaffirmed at the General Affairs Council on 17 October and at the informal European Council in Ghent on 19 October.

3. This report is an interim assessment of implementation of the diplomatic, legislative and operational measures which have been taken to date under the Action Plan¹. These measures are aimed at strengthening solidarity and cooperation with the United States; developing the Union's policies to combat terrorism; enhancing the Union's role internationally in pursuit of these objectives and contributing to the multilateral and global efforts under the aegis of the UN; and countering the economic consequences of the 11 September attacks for the Union and the world.
4. The Action Plan has been regularly reviewed and updated by the General Affairs Council, which has overall responsibility for coordinating and providing impetus in the fight against terrorism. Progress across the board in implementing the Plan has been substantial with many tangible results already achieved within the target dates envisaged by the European Council. In most other areas where action by the Union is required over the medium term, significant headway has already been made.

I. STRENGTHENING SOLIDARITY AND COOPERATION WITH THE UNITED STATES

5. The European Union underlined its total solidarity with the US at the meetings of the European Council on 21 September and 19 October. This solidarity includes full support for the action being taken by the US against terrorism in all its aspects within the framework defined by the United Nations.
6. Since 11 September, there has been significantly enhanced cooperation between the EU and US on all aspects of the fight against terrorism. This has been supported by a number of high-level meetings, including a visit of the Troika at ministerial level to Washington on 20 September, a meeting in the US between the President of the European Council, the President of the Commission and President Bush on 27 September, as well as ministerial level meetings and contacts in the margins of the UN General Assembly.

¹ For a detailed roadmap see document 14925/01.

7. The EU has kept the US fully informed of progress in the implementation of the action plan adopted at the 21 September European Council. Several items in the action plan, such as more effective liaison between law enforcement agencies, are designed specifically to enhance cooperation with the US. Since the adoption of the action plan, there has been increased and sustained contact between representatives of the EU and the US administration on specific issues, in particular in the area of Justice and Home Affairs (see below). Mutual cooperation will be strengthened through contacts and exchanges of information as foreseen in the letter from the President of the European Council and the President of the Commission to President Bush.
8. The Union has also taken into account various proposals from the US following a request for suggestions on areas where the EU might take additional action. The regular meetings under the New Transatlantic Agenda have in addition provided regular opportunities for mutual exchange of information and enhanced coordination.

II. REINFORCING THE UNION'S POLICIES TO COMBAT TERRORISM

9. The 11 September attacks have given renewed impetus to a wide range of legislative and operational measures designed to enhance police and judicial cooperation, to staunch the funding of terrorism, to strengthen security in the air and at airports and to respond to threats of use of biological and chemical weapons. All these have either been agreed in accordance with the target dates set by the European Council, or are well on the way to being implemented. The Presidency has maintained close contacts with the European Parliament throughout in order to ensure optimum cooperation between the Council and the European Parliament for the rapid adoption of legislative measures, particularly in those areas where accelerated procedures are being applied.

Police and judicial cooperation

10. Substantial progress achieved in this field underscores the Union's commitment to putting in place rapidly practical measures which can deliver effective results. In particular, political agreement was reached by the Justice and Home Affairs Council on 6/7 December on a common definition of various types of terrorist crimes and the provision of severe sanctions which strikes a balance between the need to deal with such crimes effectively and the need to guarantee individuals' fundamental rights and freedoms. The legal text formally enacting this agreement will be adopted as soon as possible.
11. Political agreement has also been reached on the framework decision for the European arrest warrant which is designed to supplant the current procedures of extradition between Member States and enable wanted persons to be surrendered to judicial authorities in other EU Member States without verification of the double criminality of the act for a wide range of offences, subject to agreed swift judicial review procedures.
12. A common list of terrorist organisations was brought to the attention of the Council. This list has been drawn up in close cooperation with operational services responsible for combating terrorism, including intelligence services, police forces and judicial authorities.
13. Eurojust will shortly become fully operational following the agreement reached in the JHA Council on 6 December. Substantial progress has also been made in stepping up cooperation and exchanges of information among officials on many other operational matters.
14. Following the EU law enforcement Troika visit to Washington on 18 October, many practical steps have been taken to step up cooperation with the United States on a range of counter-terrorist matters, including signature of the agreement intensifying cooperation between Europol and US law enforcement agencies on 6 December. The Council has also authorised the Director of Europol to start negotiations for a further agreement allowing the exchange of personal data with US law enforcement agencies.

Staunching the funding of terrorism

15. A range of measures have been taken or are at an advanced stage of work in order to cut off the funding of terrorist activities. In particular, the Council has:
- reached political agreement on putting in place EU restrictive measures including the freezing of assets directed at certain individuals and entities involved in terrorism following UNSCR 1373;
 - and adopted a directive on the prevention of the use of the financial system for money-laundering purposes.
16. In addition, coordination among Member States in the FATF has been stepped up in order to take measures against non-cooperating countries and territories and enlarge the scope of FATF action to include the financing of terrorist activities. The eight recommendations by the FATF to combat the financing of terrorism also set a standard in this sector for EU Member States in future.

Strengthening security in the air and at airports

17. Following the agreement by the Transport Council to implement fully the essential measures to prevent unlawful acts against civil aviation contained in Document 30 of ICAO, maximum priority has been given by the Council and the European Parliament to examining the proposed regulation on the adoption of air security standards covering access to airports, baggage monitoring, passengers, cargo and mail checks, ground staff training and prohibited items. On 7 December, the Council reached political agreement on a draft regulation on establishing common rules in the field of civil aviation security. After legal finalisation, this draft will be transmitted as a common position to the European Parliament under the codecision procedure.

18. The recommendations resulting from the work undertaken by the *ad hoc* multidisciplinary group were welcomed by the Council as an action programme on additional security measures in civil aviation. The Commission has been invited to give appropriate follow up to these recommendations as soon as possible by formulating new legislative proposals. The Community and Member States have also agreed to promote increased international co-operation in the interests of heightened security at the forthcoming inter-ministerial conference on aviation security organised by ICAO scheduled for 19 and 20 February 2002 in Montreal.

19. Given the extent of the difficulties for the aviation sector as a consequence of the events of 11 September, the Commission and Member States have taken steps to allow compensation for losses in the wake of the temporary closure of US and Israeli airspace. Pending the restoration of normal market conditions, higher insurance charges could be covered until the end of March 2002 at the latest subject to monitoring by the Commission.

Responding to threats of use of biological and chemical weapons

20. The Ghent European Council requested that a programme of action be drawn up to improve cooperation on combating the threat of bioterrorism, and that a European coordinator for civil protection measures be appointed. Work in this field has commenced and will continue over the coming months.

III. ENHANCING THE UNION'S ROLE INTERNATIONALLY IN THE FIGHT AGAINST TERRORISM

Political and Diplomatic Action

21. The European Union has since 11 September worked actively to bolster support for the international coalition against terrorism under the aegis of the United Nations. Within the framework set out in the conclusions of the General Affairs Council of 17 October, this subject has been systematically included in the agendas of political dialogue meetings at all levels with third countries in order both to inform them of the action being undertaken by the European Union, and to persuade them of the need for their continued practical support. The issue has notably been the object of several Troika visits at ministerial or Head of Government level to countries particularly concerned by the situation in Afghanistan (see below) and will be an important element in systematically evaluating the Union's relations with third countries.
22. The Union has also taken full advantage of the large number of opportunities for discussions by ministers, in particular in the margins of the ministerial week of the United Nations 56th General Assembly (10-16 November 2001). The European Union also took the initiative of convening on 20 October a meeting of the European Conference, bringing together all the candidate countries, the EFTA countries, those participating in the Stabilisation and Association Process, as well as in addition, the Russian Federation, Ukraine and Moldova. This meeting was dedicated to the issues of the combat against terrorism and resulted in a declaration of support for the international coalition.
23. The ministerial level meeting of the Euro-Mediterranean partnership (5-6 November) was a further important opportunity to reinforce support generally for the coalition, as well as to take forward the inter-cultural dialogue, on which several initiatives were proposed.

International Conventions

24. Member States of the European Union have been working actively within the UN in support of a Comprehensive Convention on international terrorism, and continue to contribute to resolving the outstanding issues so that the Convention can be agreed as soon as possible.
25. The Union has placed a priority on ensuring that all the existing relevant UN Conventions are implemented by its Member States and become effective as soon as and as widely as possible. This is particularly important in the case of the Convention for the suppression of the financing of terrorism. The EU has carried out démarches throughout the world to encourage both constructive participation in the discussions on the Comprehensive Convention and a wide application of the other relevant UN conventions.
26. Many of the actions referred to here constitute the Union's response to the obligations set out in UN Security Council Resolution 1373, which is the subject of an EU common position, and complement those being undertaken by the Member States. As required under the terms of the Resolution, a report is being prepared on the actions which have been or are being taken to implement the resolution. This report covers action taken collectively within the Union framework, and will be submitted to the UN within the 90 day deadline.

The Union's approach to Afghanistan and the region

27. The Union has declared its wholehearted support for the action that is being taken in self-defence and in conformity with the UN Charter and UNSCR 1368. The Union has bolstered support for the coalition in the fight against terrorism, as well as, in the case of those states bordering Afghanistan, for assistance in the delivery of humanitarian aid. The Union has welcomed the agreement on political transition in Afghanistan signed in Bonn on 5 December which opens the way to fulfilling the objective of a stable, legitimate and democratic government.

28. The Union has demonstrated its support for the action already being undertaken by countries bordering Afghanistan through a number of specific measures, notably the signature with Pakistan on 24 November of a Cooperation Agreement, agreement to take forward work on a possible Trade and Cooperation agreement with Iran, and a reassessment of its relations with the countries of Central Asia.
29. In the case of Afghanistan, the Union has played a major role in the provision of humanitarian aid, with a total of more than EURO 320 million worth of emergency aid distributed to date. It has taken an active role in support of the UN's efforts to the process of reestablishing a future broad-based administration in Afghanistan, as foreseen in UN Security Council Resolution 1378, and has been involved from the beginning in the discussions on reconstruction, notably through its participation in the first meeting on this issue which took place in Washington on 20 November.
30. On 10 December, the Council decided to appoint Klaus Klaiber as special representative for Afghanistan. The special representative will work under the authority of the High Representative and will support his actions and those of the Presidency.
31. Ministerial level visits of the Troika have been made to several countries either bordering on Afghanistan or having a direct interest in it. These include a visit to several Middle East States, Saudi Arabia, Pakistan and Iran (24 - 28 September) as well as to Uzbekistan, Turkmenistan and Tajikistan (30 October - 2 November). In addition, the President of the European Council, accompanied by the President of the Commission, visited a number of Middle East countries (16 - 20 November) as well as India (for the Second summit meeting) and Pakistan (23 - 24 November).

Non-proliferation, disarmament and arms control

32. The Union agreed a plan of action to respond effectively to the threat of terrorism in the area on non-proliferation. This targeted initiative includes the need to review and strengthen relevant instruments in this field, the strengthening of export controls, assistance to others in destroying weapons of mass destruction, and enhancing political dialogue in this area.

IV. COUNTERING THE ECONOMIC CONSEQUENCES FOR THE UNION AND THE WORLD

33. The 11 September attacks had a direct negative effect on a world economy which was already experiencing a slowdown. In response, the ECB took immediate steps to ensure liquidity of the markets and cut interest rates by 0.5%, in parallel with other central banks. This was followed by a subsequent cut of a further 0.5%. Thanks to the achievements of the Stability and Growth Pact in securing sound public finances, fiscal policy in the EU is now able to respond to the economic slowdown by means of automatic stabilisers.

 34. The Council and European Council also sought to boost market confidence in their conclusions issued after 11 September. Despite expectations of lower growth in the short term, sound economic fundamentals, due to the efforts made in the context of economic and monetary union, combined with the arrival of the Euro, should facilitate a gradual recovery in 2002.
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