

Official Journal

of the European Union

L 405

English edition

Legislation

Volume 49
30 December 2006

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I

(Acts whose publication is obligatory)

**REGULATION (EC) No 1931/2006 OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL**

of 20 December 2006

**laying down rules on local border traffic at the external land borders
of the Member States and amending the provisions of the Schengen Convention**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 62(2)(a) thereof,

Having regard to the proposal from the Commission,

Acting in accordance with the procedure laid down in Article 251 of the Treaty¹,

¹ Opinion of the European Parliament of 14 February 2006 (not yet published in the Official Journal) and Council Decision of 5 October 2006.

Whereas:

- (1) The need to develop rules on local border traffic in order to consolidate the Community legal framework on external borders was highlighted in the Commission Communication entitled "Towards an integrated management of the external borders of the Member States of the European Union". This need was confirmed by the Council on 13 June 2002, with the approval of the "Plan for the management of the external borders of the Member States of the European Union", subsequently endorsed by the European Council in Seville on 21 and 22 June 2002.
- (2) It is in the interest of the enlarged Community to ensure that the borders with its neighbours are not a barrier to trade, social and cultural interchange or regional cooperation. An efficient system for local border traffic should consequently be developed.
- (3) The local border traffic regime constitutes a derogation from the general rules governing the border control of persons crossing the external borders of the Member States of the European Union which are set out in Regulation (EC) No 562/2006 of the European Parliament and of the Council of 15 March 2006 establishing a Community Code on the rules governing the movement of persons across borders (Schengen Borders Code)¹.

¹ OJ L 105, 13.4.2006, p. 1.

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- (4) The Community should lay down criteria and conditions to be complied with when the crossing of an external land border under the local border traffic regime is being eased for border residents. Such criteria and conditions should ensure a balance between, on the one hand, the easing of border crossing for bona fide border residents having legitimate reasons frequently to cross an external land border and, on the other hand, the need to prevent illegal immigration and potential threats to security posed by criminal activities.
- (5) As a general rule, in order to prevent abuses, local border traffic permits should be issued only to those who have been lawfully resident in a border area for at least one year. Bilateral Agreements concluded between Member States and neighbouring third countries may provide for a longer period of residence. In exceptional and duly justified cases, such as those relating to minors, changes in marital status or inheritance of land, those bilateral Agreements may also provide for a shorter period of residence.
- (6) Local border traffic permits should be issued to border residents whether or not they are subject to a visa requirement pursuant to Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement¹. As a result, this Regulation should be read together with Council Regulation (EC) No 1932/2006 of 21 December 2006 amending Regulation (EC) No 539/2001², which is designed to exempt from the visa obligation border residents who benefit from the local border traffic regime established by this Regulation. As a consequence, this Regulation may enter into force only in conjunction with that amending Regulation.

¹ OJ L 81, 21.3.2001, p. 1. Regulation as last amended by Regulation (EC) No 851/2005 (OJ L 141, 4.6.2005, p. 3).

² See in this Official Journal.

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- (7) The Community should lay down specific criteria and conditions for the issuing of local border traffic permits to border residents. Those criteria and conditions should be consistent with the entry conditions imposed on border residents crossing an external land border under the local border traffic regime.
- (8) The right to free movement enjoyed by citizens of the Union and members of their families and the equivalent rights enjoyed by third-country nationals and members of their families under Agreements between the Community and its Member States, on the one hand, and the third countries concerned, on the other hand, should not be affected by the establishment of rules on local border traffic at Community level. However, where border crossing is eased under the local border traffic regime for border residents, and this entails less systematic control, border crossing should, as a matter of course, be eased for any person enjoying the Community right of free movement residing in the border area concerned.
- (9) For the implementation of the local border traffic regime, Member States should be allowed to maintain or conclude, if necessary, bilateral Agreements with neighbouring third countries, provided that such Agreements comply with the rules laid down in this Regulation.

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- (10) This Regulation does not affect the specific arrangements applied in Ceuta and Melilla, as referred to in the Declaration by the Kingdom of Spain on the towns of Ceuta and Melilla in the Final Act to the Agreement on the Accession of the Kingdom of Spain to the Convention implementing the Schengen Agreement of 14 June 1985 between the Governments of the States of the Benelux Economic Union, the Federal Republic of Germany and the French Republic on the gradual abolition of checks at their common borders signed at Schengen on 19 June 1990¹.
- (11) Penalties, as provided for in national law, should be imposed by Member States on border residents who abuse the local border traffic regime established by this Regulation.
- (12) The Commission should submit a report to the European Parliament and to the Council on the application of this Regulation. The report should be accompanied, where necessary, by legislative proposals.
- (13) This Regulation respects the fundamental rights and freedoms and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union.
- (14) Since the objective of this Regulation, namely the laying down of the criteria and conditions for the establishment of a local border traffic regime at external land borders, directly affects the Community acquis on external borders and cannot thus be achieved sufficiently by the Member States and can therefore, by reason of the scale and effects of this Regulation, be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty establishing the European Community. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

¹ OJ L 239, 22.9.2000, p. 69.

- (15) In accordance with Articles 1 and 2 of the Protocol on the position of Denmark annexed to the Treaty on European Union and to the Treaty establishing the European Community, Denmark is not taking part in the adoption of this Regulation, and is not bound by it or subject to its application. Given that this Regulation builds upon the Schengen acquis under the provisions of Title IV of Part Three of the Treaty establishing the European Community, Denmark shall, in accordance with Article 5 of that Protocol, decide within a period of six months after the date of adoption of this Regulation whether it will implement it in its national law.
- (16) As regards Iceland and Norway, this Regulation constitutes a development of provisions of the Schengen acquis within the meaning of the Agreement concluded by the Council of the European Union and the Republic of Iceland and the Kingdom of Norway concerning the latter's association with the implementation, application and development of the Schengen acquis¹, which fall within the area referred to in Article 1, point A, of Council Decision 1999/437/EC of 17 May 1999² on certain arrangements for the application of that Agreement.
- (17) This Regulation constitutes a development of provisions of the Schengen acquis in which the United Kingdom does not take part, in accordance with Council Decision 2000/365/EC of 29 May 2000 concerning the request of the United Kingdom of Great Britain and Northern Ireland to take part in some of the provisions of the Schengen acquis³. The United Kingdom is therefore not taking part in its adoption and is not bound by it or subject to its application.

¹ OJ L 176, 10.7.1999, p. 36.

² OJ L 176, 10.7.1999, p. 31.

³ OJ L 131, 1.6.2000, p. 43.

- (18) This Regulation constitutes a development of provisions of the Schengen acquis in which Ireland does not take part, in accordance with Council Decision 2002/192/EC of 28 February 2002 concerning Ireland's request to take part in some of the provisions of the Schengen acquis¹. Ireland is therefore not taking part in its adoption and is not bound by it or subject to its application.
- (19) As regards Switzerland, this Regulation constitutes a development of the provisions of the Schengen acquis within the meaning of the Agreement signed between the European Union, the European Community and the Swiss Confederation on the Swiss Confederation's association with the implementation, application and development of the Schengen acquis which fall within the area referred to in Article 1, point A of Decision 1999/437/EC read in conjunction with Article 4(1) of Decision 2004/849/EC² and Article 4(1) of Decision 2004/860/EC³.
- (20) Articles 4(b) and 9(c) of this Regulation constitute provisions building on the Schengen acquis or otherwise related to it within the meaning of Article 3(2) of the 2003 Act of Accession,

HAVE ADOPTED THIS REGULATION:

¹ OJ L 64, 7.3.2002, p. 20.

² Council Decision 2004/849/EC of 25 October 2004 on the signing, on behalf of the European Union, and on the provisional application of certain provisions of the Agreement between the European Union, the European Community and the Swiss Confederation concerning the Swiss Confederation's association with the implementation, application and development of the Schengen acquis (OJ L 368, 15.12.2004, p. 26).

³ Council Decision 2004/860/EC of 25 October 2004 on the signing, on behalf of the European Community, and on the provisional application of certain provisions of the Agreement between the European Union, the European Community and the Swiss Confederation, concerning the Swiss Confederation's association with the implementation, application and development of the Schengen acquis (OJ L 370, 17.12.2004, p. 78).

Chapter I

General provisions

Article 1

Subject matter

1. This Regulation establishes a local border traffic regime at the external land borders of the Member States and introduces for that purpose a local border traffic permit.
2. This Regulation authorises Member States to conclude or maintain bilateral Agreements with neighbouring third countries for the purpose of implementing the local border traffic regime established by this Regulation.

Article 2

Scope

This Regulation shall not affect the provisions of Community and national law applicable to third-country nationals relating to:

- (a) long-term stays;
- (b) access to and exercise of economic activity;
- (c) customs and taxation matters.

*Article 3**Definitions*

For the purposes of this Regulation the following definitions shall apply:

- 1) "external land border" means the common land border between a Member State and a neighbouring third country;
- 2) "border area" means an area that extends no more than 30 kilometres from the border. The local administrative districts that are to be considered as the border area shall be specified by the States concerned in their bilateral Agreements as referred to in Article 13. If part of any such district lies between 30 and 50 kilometres from the border line, it shall nevertheless be considered as part of the border area;
- 3) "local border traffic" means the regular crossing of an external land border by border residents in order to stay in a border area, for example for social, cultural or substantiated economic reasons, or for family reasons, for a period not exceeding the time limit laid down in this Regulation;
- 4) "persons enjoying the Community right of free movement" means:
 - (i) citizens of the Union within the meaning of Article 17(1) of the Treaty establishing the European Community, and nationals of third countries who are members of the family of a citizen of the Union exercising his or her right of free movement to whom Directive 2004/38/EC¹ applies;

¹ Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States (OJ L 158, 30.4.2004, p. 77). Corrected version in OJ L 229, 29.6.2004, p. 35.

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- (ii) nationals of third countries and members of their families, whatever their nationality, who, under Agreements between the Community and its Member States, on the one hand, and those third countries, on the other, enjoy rights to move freely equivalent to the right of citizens of the Union;
- 5) "third-country national" means any person who is not a citizen of the Union within the meaning of Article 17(1) of the Treaty establishing the European Community and who is not covered by point 4;
- 6) "border residents" means third-country nationals who have been lawfully resident in the border area of a country neighbouring a Member State for a period specified in the bilateral Agreements referred to in Article 13, which shall be at least one year. In exceptional and duly justified cases specified in those bilateral Agreements, a period of residence of less than one year may also be considered as appropriate;
- 7) "local border traffic permit" means a specific document, as introduced by Chapter III, entitling border residents to cross an external land border under the local border traffic regime;
- 8) "the Schengen Convention" means the Convention implementing the Schengen Agreement of 14 June 1985 between the Governments of the States of the Benelux Economic Union, the Federal Republic of Germany and the French Republic on the gradual abolition of checks at their common borders¹.

¹ OJ L 239, 22.9.2000, p. 19. Convention as last amended by Regulation (EC) No 1160/2005 of the European Parliament and of the Council (OJ L 191, 22.7.2005, p. 18).

Chapter II

Local border traffic regime

Article 4

Entry conditions

Border residents may cross the external land border of a neighbouring Member State under the local border traffic regime, on condition that they:

- (a) are in possession of a local border traffic permit and, if so required by the relevant bilateral Agreement referred to in Article 13, a valid travel document or documents;
- (b) are not persons for whom an alert has been issued in the Schengen Information System (SIS) for the purposes of refusing them entry;
- (c) are not considered to be a threat to public policy, internal security, public health or the international relations of any of the Member States, and in particular where no alert has been issued in Member States' national databases for the purposes of refusing entry on the same grounds.

*Article 5**Duration of stay in the border area*

The bilateral Agreements referred to in Article 13 shall specify the maximum permissible duration of each uninterrupted stay under the local border traffic regime, which shall not exceed three months.

*Article 6**Entry and exit checks*

1. Member States shall carry out entry and exit checks on border residents in order to ensure that they fulfil the conditions set out in Article 4.
2. No entry or exit stamps shall be affixed to the local border traffic permit under the local border traffic regime.
3. Paragraph 1 shall be without prejudice to Article 15.

Chapter III**Local border traffic permit***Article 7**Introduction of a local border traffic permit*

1. A local border traffic permit is hereby introduced.

2. The territorial validity of the local border traffic permit shall be limited to the border area of the issuing Member State.
3. The local border traffic permit shall bear a photograph of the holder of the permit and shall contain at least the following information:
 - (a) the forename(s), surname(s), date of birth, nationality and place of residence of the holder of the permit;
 - (b) the issuing authority, date of issue and period of validity;
 - (c) the border area within which the holder of the permit is authorised to move;
 - (d) the number(s) of the valid travel document or documents, as referred to in Article 9(a), entitling its holder to cross the external borders.

It shall clearly state that its holder is not authorised to move outside the border area and that any abuse shall be subject to penalties as provided for in Article 17.

Article 8

Security features and technical specifications of the local border traffic permit

1. The security features and technical specifications of the local border traffic permit shall comply with the relevant provisions of Council Regulation (EC) No 1030/2002 of 13 June 2002 laying down a uniform format for residence permits for third-country nationals¹.

¹ OJ L 157, 15.6.2002, p. 1.

2. Member States shall forward to the Commission and to the other Member States a specimen of the local border traffic permit drawn up in accordance with paragraph 1.

Article 9

Issuing conditions

Local border traffic permits may be issued to border residents who:

- (a) are in possession of a valid travel document or documents, as referred to in Article 17(3)(a) of the Schengen Convention, entitling them to cross the external borders;
- (b) produce documents proving their status as border residents and proving the existence of legitimate reasons frequently to cross an external land border under the local border traffic regime;
- (c) are not persons for whom an alert has been issued in the SIS for the purposes of refusing them entry;
- (d) are not considered to be a threat to public policy, internal security, public health or the international relations of any of the Member States, and in particular where no alert has been issued in Member States' national databases for the purposes of refusing entry on the same grounds.

Article 10

Validity

The local border traffic permit shall be valid for a minimum of one year and a maximum of five years.

*Article 11**Issuing fees*

The fees corresponding to the administrative costs of processing applications for the local border traffic permit shall not exceed the fees charged for processing applications for short-term multiple-entry visas.

The local border traffic permit may be issued free of charge.

*Article 12**Issuing arrangements*

1. The local border traffic permit may be issued by either a consulate or any administrative authority of a Member State designated in the bilateral Agreements referred to in Article 13.
2. Member States shall keep a central register of local border traffic permits applied for, issued, extended and cancelled or revoked and shall designate a national contact point responsible for providing without delay, upon request from other Member States, information on the permits entered in that register.

Chapter IV

Implementation of the local border traffic regime

Article 13

Bilateral Agreements between Member States and neighbouring third countries

1. For the purposes of implementing the local border traffic regime, Member States shall be authorised to conclude bilateral Agreements with neighbouring third countries in accordance with the rules set out in this Regulation.

Member States may also maintain existing bilateral Agreements with neighbouring third countries on local border traffic. To the extent that such Agreements are incompatible with this Regulation, the Member States concerned shall amend the Agreements in such a way as to eliminate the incompatibilities established.

2. Before concluding or amending any bilateral Agreement on local border traffic with a neighbouring third country, the Member States concerned shall consult the Commission as to the compatibility of the Agreement with this Regulation.

If the Commission considers the Agreement to be incompatible with this Regulation, it shall notify the Member State concerned. The Member State shall take all appropriate steps to amend the Agreement within a reasonable period in such a way as to eliminate the incompatibilities established.

3. Where the Community or the Member State concerned has not concluded a general readmission Agreement with a third country, the bilateral Agreements on local border traffic with that third country shall provide for the readmission of persons found to be abusing the local border traffic regime as established by this Regulation to be facilitated.

Article 14

Comparability of treatment

In the bilateral Agreements referred to in Article 13, Member States shall ensure that third countries grant persons enjoying the Community right of free movement and third-country nationals lawfully resident in the border area of the Member State concerned treatment at least comparable to that granted to the border residents of the third country concerned.

Article 15

Easing of border crossing

1. The bilateral Agreements referred to in Article 13 may provide for border crossing to be eased, whereby Member States:
- (a) set up specific border crossing points open only to border residents;
 - (b) reserve specific lanes to border residents at ordinary border crossing points; or
 - (c) taking into account the local circumstances, and where exceptionally there is a requirement of a special nature, authorise border residents to cross their external land border at defined places other than authorised border crossing points and outside the fixed hours.

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2. Where a Member State decides to ease border crossing for border residents in accordance with paragraph 1, it shall, as a matter of course, ease border crossing for any person enjoying the Community right of free movement residing in the border area concerned.
 3. At the border crossing points referred to in paragraph 1(a) and at the lanes referred to in paragraph 1(b), persons who regularly cross the external land border and who, by reason of their frequent crossing of the border, are well known to the border guards shall, usually, be subject only to random checks.

Such persons shall be subject to thorough checks from time to time, without warning and at irregular intervals.

4. Where a Member State decides to ease border crossing for border residents in accordance with paragraph 1(c):
 - (a) the local border traffic permit shall contain, in addition to the information required by Article 7(3), details of the place where, and the circumstances in which, the external land border may be crossed;
 - (b) the Member State in question shall carry out random checks and conduct regular surveillance in order to prevent unauthorised border crossings.

Chapter V

Final provisions

Article 16

Ceuta and Melilla

The provisions of this Regulation shall not affect the specific arrangements applying to the towns of Ceuta and Melilla, as referred to in the Declaration by the Kingdom of Spain on the towns of Ceuta and Melilla in the Final Act to the Agreement on the Accession of the Kingdom of Spain to the Convention implementing the Schengen Agreement.

Article 17

Penalties

1. Member States shall ensure that any abuse of the local border traffic regime, as established by this Regulation and as implemented by the bilateral Agreements referred to in Article 13, is subject to penalties as provided for by national law.
2. Those penalties shall be effective, proportionate and dissuasive and shall include the possibility of cancelling and revoking local border traffic permits.

3. Member States shall keep a record of all cases of abuse of the local border traffic regime and of penalties imposed in accordance with paragraph 1. That information shall be forwarded every six months to the other Member States and to the Commission.

Article 18

Report on the local border traffic regime

By 19 January 2009, the Commission shall submit a report to the European Parliament and the Council on the implementation and functioning of the local border traffic regime, as established by this Regulation and implemented by the bilateral Agreements concluded or maintained in conformity with the rules set out in this Regulation. That report shall be accompanied, where necessary, by appropriate legislative proposals.

Article 19

Notification of bilateral Agreements

1. Member States shall notify the Commission of all bilateral Agreements referred to in Article 13 and of any denunciation thereof or amendment thereto.
2. The Commission shall make the information notified in accordance with paragraph 1 available to the Member States and to the public by publishing it in the Official Journal of the European Union or by any other appropriate means.

*Article 20**Amendment of the provisions of the Schengen Convention*

The provisions of Article 136(3) of the Schengen Convention shall be replaced by the following:

"3. Paragraph 2 shall not apply to bilateral Agreements on local border traffic as referred to in Article 13 of Regulation (EC) No 1931/2006 of the European Parliament and of the Council of 20 December 2006 laying down rules on local border traffic at the external land borders of the Member States* .

* OJ L 405, 30.12.2006.

*Article 21**Entry into force*

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaty establishing the European Community.

Done at Brussels, 20 December 2006.

For the European Parliament

The President

J. BORRELL FONTELLES

For the Council

The President

J. KORKEAOJA

COUNCIL REGULATION (EC) No 1932/2006**of 21 December 2006****amending Regulation (EC) No 539/2001****listing the third countries whose nationals must be in possession
of visas when crossing the external borders
and those whose nationals are exempt from that requirement**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 62(2)(b)(i) thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas:

- (1) The composition of the lists of third countries in Annexes I and II to Regulation (EC) No 539/2001 of 15 March 2001¹ should be, and should remain, consistent with the criteria laid down in recital (5) thereto. Some third countries should be transferred from one Annex to the other, particularly with regard to illegal immigration and public policy.
- (2) Bolivia should be transferred to Annex I to Regulation (EC) No 539/2001. The date of application of the visa requirement for Bolivian nationals should be such as to allow Member States to rescind in good time the bilateral agreements with Bolivia and to take all the necessary administrative and organisational measures for introducing the visa requirement in question.
- (3) Antigua and Barbuda, the Bahamas, Barbados, Mauritius, Saint Kitts and Nevis, and the Seychelles should be transferred to Annex II to Regulation (EC) No 539/2001.

Exemption from the visa requirement for nationals of those countries should not come into force before a bilateral agreement on exemption from the visa requirement between the European Community and the country in question has been concluded.

¹ OJ L 81, 21.3.2001, p. 1.

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- (4) The two Annexes to Regulation (EC) No 539/2001 should be exhaustive. To that end, a heading making it possible to determine the visa arrangements to be applied by the Member States to categories of persons made subject to the visa requirement by certain Member States and exempted therefrom by others should be added to each of the Annexes to Regulation (EC) No 539/2001. Various categories of "British" persons who are not nationals of the United Kingdom within the meaning of Community law should be added to Annex I to Regulation (EC) No 539/2001 and British Nationals (Overseas) should be added to Annex II thereto.
- (5) Member States may provide for exemptions from the visa requirement for holders of certain passports other than ordinary passports. The designations of these passports require clarification. Reference needs also to be made in Regulation (EC) No 539/2001 to the procedures applicable where recourse is had to such exemptions.
- (6) Member States may exempt from the visa requirement recognised refugees, all stateless persons, both those under the Convention relating to the Status of Stateless Persons of 28 September 1954 and those outside of the scope of that Convention, and school pupils travelling on school excursions where the persons of these categories reside in a third country listed in Annex II to Regulation (EC) No 539/2001.

A full exemption from the visa requirement exists already for these three categories of persons residing within the Schengen area when they enter or re-enter that area; a general exemption should be introduced for persons of those categories residing in a Member State which has not or not yet joined the Schengen area, as far as their entry or re-entry into the territory of any other Member State bound by the Schengen acquis is concerned.

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- (7) Regulation (EC) No 1931/2006 of the European Parliament and of the Council of 20 December 2006 laying down rules on local border traffic at the external land borders of the Member States and amending the provisions of the Schengen Convention ¹ makes it necessary to provide for a new exemption from the visa requirement for holders of a local border traffic card.
- (8) The arrangements governing exemptions from the visa requirement should fully reflect actual practices. Certain Member States grant exemption from the visa requirement for nationals of third countries listed in Annex I to Regulation (EC) No 539/2001 who are members of the armed forces travelling on NATO or Partnership for Peace business. For reasons of legal certainty, these exemptions, which are based on international obligations external to Community law, should nevertheless be referred to in that Regulation.
- (9) Because of the successive amendments to Regulation (EC) No 539/2001, it is necessary to improve its structure and make it easier to read, to which end it should be recast at a later date.

¹ See this Official Journal.

- (10) As regards Iceland and Norway, this Regulation constitutes a development of the provisions of the Schengen acquis, within the meaning of the Agreement concluded by the Council of the European Union and the Republic of Iceland and the Kingdom of Norway concerning the latter's association with the implementation, application and development of the Schengen acquis¹, which falls within the area referred to in Article 1(B) of Council Decision 1999/437/EC of 17 May 1999 on certain arrangements for the application of that Agreement².
- (11) The United Kingdom and Ireland are not bound by Regulation (EC) No 539/2001. They are therefore not taking part in the adoption of this Regulation and are not bound by or subject to the application thereof.
- (12) As regards Switzerland, this Regulation constitutes a development of the provisions of the Schengen acquis, within the meaning of the Agreement signed by the European Union, the European Community and the Swiss Confederation on the association of the Swiss Confederation with the implementation, application and development of the Schengen acquis, which falls within the area referred to in Article 1(B) of Council Decision 1999/437/EC, read in conjunction with Article 4(1) of Council Decision 2004/860/EC of 25 October 2004 on the signing, on behalf of the European Community, and on the provisional application of certain provisions of the Agreement between the European Union, the European Community and the Swiss Confederation, concerning the Swiss Confederation's association with the implementation, application and development of the Schengen acquis³,

¹ OJ L 176, 10.7.1999, p. 36.

² OJ L 368, 15.12.2004, p. 26.

³ OJ L 370, 17.12.2004, p. 78.

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 539/2001 is hereby amended as follows:

- 1) Article 1 shall be amended as follows:
 - (a) the following subparagraph shall be added to paragraph 1:

"Without prejudice to the requirements stemming from the European Agreement on the Abolition of Visas for Refugees signed at Strasbourg on 20 April 1959, recognised refugees and stateless persons shall be required to be in possession of a visa when crossing the external borders of the Member States if the third country in which they are resident and which has issued them with their travel document is a third country listed in Annex I to this Regulation.";

(b) the following subparagraph is added to paragraph 2:

"The following shall also be exempt from the visa requirement:

- the nationals of third countries listed in Annex I to this Regulation who are holders of a local border traffic card issued by the Member States pursuant to Regulation (EC) No 1931/2006 of the European Parliament and of the Council of 20 December 2006 laying down rules on local border traffic at the external land borders of the Member States and amending the provisions of the Schengen Convention* when these holders exercise their right within the context of the Local Border Traffic regime;
- school pupils who are nationals of a third country listed in Annex I and who reside in a Member State applying Council Decision 94/795/JHA of 30 November 1994 on a joint action adopted by the Council on the basis of Article K.3.2.b of the Treaty on European Union concerning travel facilities for school pupils from third countries resident in a Member State** and are travelling in the context of a school excursion as members of a group of school pupils accompanied by a teacher from the school in question;
- recognised refugees and stateless persons and other persons who do not hold the nationality of any country who reside in a Member State and are holders of a travel document issued by that Member State.

* OJ L 405, 20.12.2006.

** OJ L 327, 19.12.1994, p. 1.";

2) Article 3 of Regulation (EC) No 539/2001 shall be repealed.

3) Article 4 shall be amended as follows:

(a) paragraph (1)(a) shall be replaced by the following:

"(a) holders of diplomatic passports, service/official passports or special passports in accordance with one of the procedures laid down in Articles 1(1) and 2(1) of Regulation (EC) No 789/2001 of 24 April 2001 reserving to the Council implementing powers with regard to certain detailed provisions and practical procedures for examining visa applications*.

* OJ L 116, 26.4.2001, p. 2. Regulation as amended by Decision 2004/927/EC (OJ L 396, 31.12.2004, p. 45).";

(b) paragraph 2 shall be replaced by the following:

"2. A Member State may exempt from the visa requirement:

- (a) a school pupil having the nationality of a third country listed in Annex I who resides in a third country listed in Annex II or in Switzerland and Liechtenstein and is travelling in the context of a school excursion as a member of a group of school pupils accompanied by a teacher from the school in question;
- (b) recognised refugees and stateless persons if the third country where they reside and which issued their travel document is one of the third countries listed in Annex II;

- (c) members of the armed forces travelling on NATO or Partnership for Peace business and holders of identification and movement orders provided for by the Agreement of 19 June 1951 between the Parties to the North Atlantic Treaty Organisation regarding the status of their forces.";

4) Annex I shall be amended as follows:

(a) in Part 1:

- (i) a reference to Bolivia shall be inserted;
- (ii) the references to Antigua and Barbuda, the Bahamas, Barbados, Mauritius, Saint Kitts and Nevis, and the Seychelles shall be deleted;
- (iii) the reference to "East Timor" shall be replaced by a reference to "Timor-Leste";
- (iv) the reference to "Federal Republic of Yugoslavia (Serbia-Montenegro)" shall be replaced by references to "Serbia" and to "Montenegro";
- (v) the reference to "Western Samoa" shall be replaced by a reference to "Samoa";

(b) the following Part shall be added:

"3. BRITISH CITIZENS WHO ARE NOT NATIONALS OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR THE PURPOSES OF COMMUNITY LAW:

British Overseas Territories Citizens who do not have the right of abode in the United Kingdom

British Overseas Citizens

British Subjects who do not have the right of abode in the United Kingdom

British Protected Persons";

5) Annex II shall be amended as follows:

(a) in Part 1:

(i) the reference to Bolivia shall be deleted;

(ii) the following references shall be inserted:

"Antigua and Barbuda*

Bahamas*

Barbados*

Mauritius*

Saint Kitts and Nevis*

Seychelles*";

(iii) the following footnote shall be inserted:

"* The exemption from the visa requirement will apply from the date of entry into force of an agreement on visa exemption to be concluded with the European Community.";

(iv) the reference to "Brunei" shall be replaced by a reference to "Brunei Darussalam";

(b) the following Part shall be added:

"3. BRITISH CITIZENS WHO ARE NOT NATIONALS OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR THE PURPOSES OF COMMUNITY LAW:

British Nationals (Overseas)".

Article 2

Member States shall apply the visa requirement for Bolivian nationals with effect from 1 April 2007.

Member States shall apply the exemption from the visa requirement for nationals of Antigua and Barbuda, the Bahamas, Barbados, Mauritius, Saint Kitts and Nevis and the Seychelles from the date of entry into force of an agreement on visa exemptions to be concluded by the European Community with the third country in question.

Article 3

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaty establishing the European Community.

Done at Brussels, 21 December 2006.

For the Council

The President

J. KORKEAOJA

COUNCIL REGULATION (EC) No 1933/2006**of 21 December 2006****temporarily withdrawing access to the generalised tariff preferences
from the Republic of Belarus**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 thereof,

Having regard to the proposal from the Commission,

Having regard to Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences ¹, and in particular Article 20(4) thereof,

¹ OJ L 169, 30.6.2005, p. 1.

Whereas:

- (1) Pursuant to Regulation (EC) No 980/2005, the Republic of Belarus (hereinafter referred to as "Belarus") is a beneficiary country of the Community's scheme of generalised tariff preferences.
- (2) On 29 January 2003, the International Confederation of Free Trade Unions (ICFTU), the European Trade Union Confederation (ETUC) and the World Confederation of Labour (WCL) made a joint request to the Commission for an investigation to be made under Article 27 of Regulation (EC) No 2501/2001 of 10 December 2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004 – Statements on a Council Regulation applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004¹ into alleged violations of the freedom of association and of the right to collective bargaining in Belarus.
- (3) The Commission examined the request in consultation with the Generalised Preferences Committee and decided, by Decision of 29 December 2003², to initiate an investigation. Information from interested parties was sought, by means of a published notice³.
- (4) The Belarussian authorities were formally notified of the opening of the investigation. They denied any violations of International Labour Organisation (ILO) Conventions No 87 (concerning Freedom of Association and Protection of the Right to Organise) and No 98 (concerning the Application of the Principles of the Right to Organise and to Bargain Collectively).

¹ OJ L 346, 31.12.2001, p. 1. Regulation as last amended by Regulation (EC) No 980/2005.

² Commission Decision 2004/23/EC of 29 December 2003 providing for the initiation of an investigation pursuant to Article 27(2) of Council Regulation (EC) No 2501/2001 with respect to the violation of freedom of association in Belarus (OJ L 5, 9.1.2004, p. 90).

³ OJ C 40, 14.2.2004, p. 4.

- (5) The information collected by the Commission during the course of the investigation conducted in consultation with the Generalised Preferences Committee, however, corroborated the existence of serious and systematic violations of the freedom of association and of the right to collective bargaining under ILO Conventions No 87 and No 98. Among other things, the Commission learned that ILO examined the situation in Belarus with respect to the two conventions and had started its own respective investigation in November 2003. The resulting ILO Commission of Inquiry report of July 2004 contained 12 recommendations to undertake specific steps to improve the situation in Belarus. Belarus was urged to implement these recommendations by 1 June 2005, but no implementation took place. Based on this information and its own review, the Commission considered that a temporary withdrawal of the preferential arrangement was justified.
- (6) On 17 August 2005, the Commission decided to monitor and evaluate the labour rights situation in Belarus¹. The announcement of the start of the six-month period of monitoring and evaluation² included a statement of the Commission's intention to submit a proposal to the Council for the temporary withdrawal of the trade preferences, unless, before the end of the period, Belarus had made a commitment to take the measures necessary to conform with the principles referred to in the 1998 ILO Declaration on Fundamental Principles and Rights at Work, as expressed in the twelve recommendations in the ILO Commission of Inquiry report of July 2004. The Belarussian authorities were notified officially of the decision and of the announcement.

¹ Commission Decision 2005/616/EC of 17 August 2005 on the monitoring and evaluation of the labour rights situation in Belarus for temporary withdrawal of trade preferences (OJ L 213, 18.8.2005, p. 16).

² OJ C 240, 30.9.2005, p. 41.

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- (7) Belarus did not make the requisite commitment within the six-month period of monitoring and evaluation, nor, as described below, during the months which followed. Instead, on 30 March 2006, Belarussian authorities presented to the Commission a submission on the situation of freedom of association rights in Belarus. The Commission analysed that submission, but concluded that it did not provide sufficient evidence of commitment.
- (8) In the meantime, the ILO Governing Body adopted the Committee on Freedom of Association (CFA) follow-up report in March 2006, in which the CFA pointed to the actual worsening of the situation of trade unions' rights in Belarus and urged the Belarussian authorities to take concrete measures immediately.
- (9) Further, the Commission received a communication, dated 16 May 2006, from the Belarussian authorities on the situation of freedom of association rights in Belarus. Just as with the submission of 30 March 2006, after a careful analysis, the Commission came to the conclusion that that submission did not provide any sign of commitment or a convincing indication that the situation had improved. This assessment of the situation in Belarus was shared by the ILO Committee on the Application of Standards of the International Labour Conference in its June 2006 report, where it deplored the continued failure by the Belarussian Government to implement the recommendations and stressed the necessity of rapid actions so that real and tangible progress could be noted. Also the June 2006 International Labour Conference, organised under the auspices of ILO, classified the lack of implementation of the 12 recommendations, which Belarus continued to ignore since July 2004, as a case of continued failure. This exceptional classification is only used for very serious and systematic cases of non compliance with a ratified convention.

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- (10) The Commission has carefully analysed recent developments in Belarus, including a letter from Belarus dated 14 October 2006 and submitted to the Commission on 17 October 2006. Instead of producing any effective commitment or clear evidence that the situation has improved, that letter, once again, puts forward possible intentions, but contains no indication of effective implementation of the principles of ILO Conventions No 87 and No 98. The violations of principles laid down in the ILO Conventions No 87 and No 98 continue to exist.
- (11) In the light of the foregoing the preferential arrangement for products originating in Belarus should be withdrawn temporarily, until it is decided that the reasons justifying the temporary withdrawal no longer prevail.
- (12) This Regulation should enter into force six months after its adoption, unless it is decided before then that the reasons justifying it no longer prevail,

HAS ADOPTED THIS REGULATION:

Article 1

The preferential arrangement for products originating in Belarus provided for in Regulation (EC) No 980/2005 shall be withdrawn temporarily.

Article 2

The Council, acting by qualified majority, on a proposal from the Commission, shall re-establish the preferential arrangement for products originating in Belarus, if the violations of the freedom of association and of the right to collective bargaining in Belarus no longer exist.

Article 3

This Regulation shall enter into force 21 June 2007.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 21 December 2006.

For the Council

The President

J. KORKEAOJA

COUNCIL REGULATION (EC) No 1934/2006**of 21 December 2006****establishing a financing instrument for cooperation
with industrialised and other high-income countries and territories**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 181a thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas:

- (1) Over the past decade, the Community has consistently strengthened its bilateral relations with a broad range of industrialised and other high-income countries and territories across different regions of the world, primarily in North America, East Asia and Australasia, but also in South-East Asia and the Gulf region. Furthermore, these relations have developed to embrace a widening array of subjects and areas in the economic sphere and beyond.
- (2) It is in the Community's interest to further deepen its relations with industrialised countries and territories with which it often shares similar political, economic and institutional structures and values and which are important bilateral political and trading partners as well as players in multilateral fora and in global governance. This will be an important factor in strengthening the European Union's role and place in the world, consolidating multilateral institutions and in contributing to balance and in developing the world economy and the international system.
- (3) The European Union and industrialised and other high-income countries and territories have agreed to strengthen their relationship and to cooperate across the areas in which they have shared interests through a variety of bilateral instruments such as agreements, declarations, action plans and other similar documents.

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- (4) In accordance with the principles laid down in those bilateral instruments, the Community implements a cooperation policy aimed at creating an environment conducive to pursuing and developing its relations with those countries and territories. Cooperation activities will help to strengthen the European presence and visibility in these countries and encourage economic, commercial, academic, cultural and other exchanges and interaction between a diversified range of actors on each side.
 - (5) The European Union is founded on the principles of democracy, the rule of law, good governance, respect for human rights and fundamental freedoms. Community action under this Regulation should contribute to the general objective of developing and consolidating these principles in partner countries and regions through dialogue and cooperation.
 - (6) The promotion of diversified bilateral cooperation initiatives with industrialised and other high-income countries and territories within a single instrument will allow economies of scale, synergy effects, greater effectiveness and visibility for the Community action.
 - (7) In order to achieve the objectives of this Regulation it is necessary to pursue a differentiated approach and to design cooperation with partner countries taking account of their economic, social and political contexts as well as of the Community's specific interests, strategies and priorities.
 - (8) This Regulation makes it necessary to repeal Council Regulation (EC) No 382/2001 of 26 February 2001 concerning the implementation of projects promoting cooperation and commercial relations between the European Union and the industrialised countries of North America, the Far East and Australasia¹.

¹ OJ L 57, 27.2.2001, p. 10. Regulation as amended by Regulation (EC) No 1900/2005 (OJ L 303, 22.11.2005, p. 22).

- (9) Since the objectives of this Regulation, namely to promote enhanced cooperation between the Community and industrialised and other high-income countries and territories, cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale of the action, be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (10) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission¹,

HAS ADOPTED THIS REGULATION:

Article 1

Objective

1. Community financing shall support economic, financial and technical cooperation and other forms of cooperation falling within its spheres of competence, with industrialised and other high-income countries and territories.
2. The primary objective of cooperation with the countries and territories referred to in paragraph 1 shall be to provide a specific response to the need to strengthen links and to engage further with them on a bilateral, regional or multilateral basis in order to create a more favourable environment for the development of the relations of the Community with these countries and territories and promote dialogue while fostering Community's interests.

¹ OJ L 184, 17.7.1999, p. 23. Decision as amended by Decision 2006/512/EC (OJ L 200, 22.7.2006, p. 11).

*Article 2**Scope*

1. The cooperation with industrialised and other high-income countries and territories shall be aimed at engaging with partners which share similar political, economic and institutional structures and values to the Community and which are important bilateral partners and players in multilateral fora and in global governance. The cooperation also covers newly industrialised or high-income countries and territories with which the Community has a strategic interest in promoting links.
2. For the purpose of this Regulation, industrialised and other high-income countries and territories shall comprise countries and territories listed in the Annex and are hereinafter referred to as "partner countries". However, in duly justified circumstances and in order to foster regional cooperation, the Commission may decide when adopting action programmes referred to in Article 6 that countries not listed in the Annex are eligible, where the project or programme to be implemented is of regional or cross-border nature. Provisions may be made for this in the multi-annual cooperation programmes referred to in Article 5. The Commission shall amend the list in the Annex in accordance with regular OECD/DAC reviews of its List of developing countries and inform the Council thereof.

*Article 3**General principles*

1. The European Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law and seeks to promote commitment to these principles in partner countries through dialogue and cooperation.
2. In the implementation of this Regulation a differentiated approach in designing cooperation with partner countries shall be pursued, where appropriate, to take account of their economic, social and political contexts as well as of the Community's specific interests, strategies and priorities.
3. Measures financed under this Regulation shall cover areas of cooperation set out notably in the instruments, agreements, declarations and action plans between the Community and the partner countries as well as areas pertaining to the Community's specific interests.
4. For measures financed under this Regulation, the Community shall aim to ensure coherence with other areas of its external action as well as other relevant Community policies. This shall be ensured by formulating policy, strategic planning and the programming and implementation of measures.
5. Measures financed under this Regulation shall complement and bring added value to the efforts undertaken by Member States and Community public bodies, including in the area of commercial relations.

*Article 4**Areas of cooperation*

Community financing shall support cooperation actions in accordance with Article 1 and shall be consistent with the overall purpose, scope, objectives and general principles of this Regulation. Specific attention shall be paid to actions, which may include a regional dimension, in the following areas of cooperation:

- 1) the promotion of cooperation, partnerships and joint undertakings between economic, academic and scientific actors in the Community and partner countries;
- 2) the stimulation of bilateral trade, investment flows and economic partnerships;
- 3) the promotion of dialogues between political, economic and social actors and other non-governmental organisations in relevant sectors in the Community and partner countries;
- 4) the promotion of people-to-people links, education and training programmes and intellectual exchanges and the enhancement of mutual understanding between cultures and civilisations;
- 5) the promotion of cooperative projects in areas such as research, science and technology, energy, transport and environmental matters – including climate change, customs and financial issues and any other matter of mutual interest between the Community and the partner countries;
- 6) the enhancement of awareness about and understanding of the European Union and of its visibility in partner countries;

- 7) support for specific initiatives, including research work, studies, pilot schemes or joint projects destined to respond in an effective and flexible manner to cooperation objectives arising from developments in the Community's bilateral relationship with the partner countries or aiming to provide impetus to the further deepening and broadening of bilateral relationships with them.

Article 5

Programming and allocation of funds

1. Actions to promote cooperation under this Regulation shall be carried out in the framework of multi-annual cooperation programmes covering cooperation with all or with a selection of the partner countries. The Commission shall draw-up the multi-annual cooperation programmes and specify their scope.
2. Multi-annual cooperation programmes shall cover no more than the period of validity of this Regulation. They shall set out the Community's strategic interests and priorities, the general objectives and the expected results. They shall also set out the areas selected for financing by the Community and outline the indicative financial allocation of funds, overall, per priority area and per partner country or group of partner countries for the period concerned. Where appropriate, this may be given in the form of a range. Multi-annual cooperation programmes shall be reviewed at mid-term, or ad hoc if necessary.
3. Multi-annual cooperation programmes and any reviews thereof shall be adopted by the Commission in accordance with the procedure set out in Article 15(2).

*Article 6**Implementation*

1. The Commission shall adopt annual action programmes based on the multi-annual cooperation programmes referred to in Article 5.
2. Annual action programmes shall specify, for all or for a selection of partner countries, the objectives pursued, the fields of intervention, the expected results, the management procedures and the total amount of financing planned. They shall contain a description of the operations to be financed, an indication of the amounts allocated for each operation and an indicative implementation timetable.
3. Annual action programmes shall be adopted by the Commission in accordance with the procedure set out in Article 15(2). This procedure needs not be used for amendments to action programmes, such as those making technical adjustments, extending the implementation period, reassigning funds between the planned operations within the forecast budget, or increasing or reducing the size of the budget by less than 20 % of the initial budget, provided these amendments are consistent with the initial objectives set out in the action programmes.

*Article 7**Eligibility*

The following entities shall be eligible for funding under this Regulation for the purposes of implementing the action programmes referred to in Article 6:

- (a) the following entities and bodies in the Member States and in the partner countries:
 - (i) public or parastatal bodies, local authorities and consortia thereof;
 - (ii) companies, firms and other private organisations and businesses;
 - (iii) non-governmental organisations; citizens' groups and sectoral organisations such as trade unions, organisations representing economic and social interests, consumer organisations, women's and youth organisations; teaching, training, cultural, media, research and scientific organisations; universities and other education institutions;
- (b) partner countries and their regions, institutions and decentralised bodies;
- (c) international organisations, including regional organisations, in so far as they contribute to the objectives of this Regulation;
- (d) natural persons of the Member States and of partner countries or other third countries in so far as they contribute to the objectives of this Regulation;
- (e) joint bodies set up by the partner countries and regions and the Community;

- (f) Community institutions and bodies, insofar as they implement support measures specified in Article 9;
- (g) European Union agencies.

Article 8

Types of financing

1. Cooperation projects and programmes will be financed by the general budget of the European Union either in totality or in the form of co-financing with other sources as specified in Article 10.
2. Financing for the implementation of action programmes may take in particular the following legal forms:
 - (a) grant agreements (including scholarships);
 - (b) procurement contracts;
 - (c) employment contracts;
 - (d) financing agreements.
3. Where the implementation of action programmes takes the form of financing agreements with partner countries, it shall be established that Community funding shall not be used to finance taxes, customs duties and other fiscal charges in the partner countries.

*Article 9**Support measures*

1. Community financing may cover expenditure associated with the preparation, follow up, monitoring, audit and evaluation activities directly necessary for the implementation of this Regulation and the achievement of its objectives, and any other administrative or technical assistance expenditure that the Commission, including at its Delegations in the partner countries, may incur for the management of operations financed under this Regulation.
2. These support measures are not necessarily covered by multi-annual programmes and may therefore be financed outside their scope.
3. The Commission shall adopt support measures not covered by the multi-annual programmes and shall inform Member States thereof.

*Article 10**Co-financing*

1. Measures shall be eligible for co-financing inter alia with:
 - (a) Member States, their regional and local authorities, and in particular their public and parastatal agencies;
 - (b) partner countries, and in particular their public and parastatal agencies;

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- (c) international organisations and regional organisations, including international and regional financial institutions;
 - (d) companies, firms, other private organisations and businesses, and other non-state actors;
 - (e) partner countries in receipt of funding, and other bodies eligible for funding under Article 7.
2. In the case of parallel co-financing, the project or programme will be split into a number of clearly identifiable operations which are each financed by the different partners providing co-financing in such a way that the end-use of the financing can always be identified.
 3. In the case of joint co-financing, the total cost of a project or programme will be shared between the partners providing the co-financing and the resources are pooled in such a way that it is not possible to identify the source of financing for any given activity undertaken as part of the project or programme.
 4. The Commission may receive and manage funds for co-financed projects on behalf of the bodies referred to in paragraph 1(a) (b) and (c) for the purpose of implementing joint measures. Such funds shall be treated as assigned revenue, in accordance with Article 18 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹.

¹ OJ L 248, 16.9.2002, p. 1.

*Article 11**Management procedures*

1. The measures financed under this Regulation shall be implemented in accordance with Regulation (EC, Euratom) No 1605/2002 and in particular Part Two, Title IV thereof.
2. The Commission may entrust tasks of public authority, and in particular budget implementation tasks, to the bodies referred to in Article 54(2) (a) and (c) of Regulation (EC, Euratom) No 1605/2002. The bodies referred to in Article 54(2) (c) of that Regulation may be entrusted with tasks of public authority if they are of recognised international standing, comply with internationally recognised systems of management and control, and are supervised by a public authority.

*Article 12**Protecting the Community's financial interests*

1. Any agreements resulting from this Regulation shall contain provisions ensuring the protection of the Community's financial interests, in particular with respect to irregularities, fraud, corruption and any other illegal activity, in accordance with Council Regulations (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests¹ and (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities² and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)³.

¹ OJ L 312, 23.12.1995, p. 1.

² OJ L 292, 15.11.1996, p. 2.

³ OJ L 136, 31.5.1999, p. 1.

2. Agreements shall expressly entitle the Commission and the Court of Auditors to perform audits, including document audits or on-the-spot audits of any contractor or subcontractor who has received Community funds. They shall also expressly authorise the Commission to carry out on-the-spot checks and inspections in accordance with Regulation (Euratom, EC) No 2185/96.
3. All contracts resulting from the implementation of cooperation shall ensure the rights of the Commission and the Court of Auditors under paragraph 2 during and after the performance of the contracts.

Article 13

Evaluation

1. The Commission shall regularly evaluate the actions and programmes financed under this Regulation, where appropriate by means of independent external evaluations, in order to ascertain whether the objectives have been met and enable it to formulate recommendations with a view to improving future operations. The results shall feed back into programme design and resource allocation.
2. The Commission shall send its evaluation reports to the European Parliament and to the Committee referred to in Article 15 for information.
3. The Commission shall associate relevant stakeholders, including non-state actors, in the evaluation phase of the Community cooperation provided for under this Regulation.

*Article 14**Annual report*

The Commission shall examine the progress made on implementing the measures taken under this Regulation and shall submit to the European Parliament and the Council an annual report on the implementation of this Regulation. The report shall set out the results of implementation of the budget and present the actions and programmes financed, and as far as possible, set out the main outcomes and impacts of the cooperation actions and programmes.

*Article 15**Committee*

1. The Commission shall be assisted by a committee.
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at 30 days.

3. The Committee shall adopt its rules of procedure.

*Article 16**Financial provisions*

The financial reference amount for the implementation of this Regulation for the period from 2007 to 2013 shall be EUR 172 million. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial framework.

*Article 17**Repeal*

1. Regulation (EC) No 382/2001 shall be repealed as of the latest of the following dates:
 - 1 January 2007;
 - the date of entry into force of this Regulation.
2. The repealed Regulation shall continue to apply for legal acts and commitments of budget years preceding the year 2007. Any reference to the repealed Regulation shall be deemed to be a reference to this Regulation.

*Article 18**Review*

Not later than 31 December 2010, the Commission shall submit to the European Parliament and the Council a report evaluating the implementation of this Regulation in the first three years with, if appropriate, a legislative proposal introducing the necessary modifications.

*Article 19**Entry into force*

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Union.

It shall apply from 1 January 2007 to 31 December 2013.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 21 December 2006.

For the Council

The President

J. KORKEAOJA

ANNEX**List of countries and territories covered by this Regulation**

- (1) Australia
- (2) Bahrain
- (3) Brunei
- (4) Canada
- (5) Chinese Taipei¹
- (6) Hong-Kong
- (7) Japan
- (8) Republic of Korea
- (9) Kuwait
- (10) Macao
- (11) New Zealand
- (12) Oman
- (13) Qatar
- (14) Saudi Arabia
- (15) Singapore
- (16) United Arab Emirates
- (17) United States

¹ Although there are no diplomatic or political relations with Chinese Taipei, intensive contacts do take place and should be continued in the areas of economy, trade, science and technology, standards and norms and on a number of other subjects.

(Acts adopted under Title V of the Treaty on European Union)

COUNCIL JOINT ACTION 2006/998/CFSP

of 21 December 2006

**amending Joint Action 2001/555/CFSP
on the establishment of a European Union Satellite Centre**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and in particular Article 14 thereof,

Whereas:

- (1) On 20 July 2001 the Council adopted Joint Action 2001/555/CFSP on the establishment of a European Union Satellite Centre¹.
- (2) On 28 July 2006 the Secretary-General/High Representative, pursuant to Article 22 of that Joint Action presented a report on the implementation of the Joint Action with a view to its possible review.
- (3) On 22 September 2006 the Political and Security Committee (PSC), in its role of exercising political supervision over the activities of the Centre, noted that report and recommended that the Council amend the Joint Action as appropriate in the light of the report.
- (4) Therefore Joint Action 2001/555/CFSP should be amended accordingly,

HAS ADOPTED THIS JOINT ACTION:

¹ OJ L 200, 25.7.2001, p. 5.

Article 1

Joint Action 2001/555/CFSP is hereby amended as follows:

- 1) Article 2 shall be replaced by the following:

"Article 2

Mission

1. The Centre shall, in coherence with the European Security Strategy¹, support the decision-making of the European Union in the field of the CFSP, in particular of the ESDP, including European Union crisis management operations, by providing, as appropriate, products resulting from the analysis of satellite imagery and collateral data, including aerial imagery, and related services, in accordance with Articles 3 and 4.
2. In the framework of this mission, the Secretary-General/High Representative, will, upon a corresponding request and if the capacity of the Centre so allows, direct the Centre to provide products or services to:
 - (i) a Member State or the Commission;
 - (ii) third states having agreed to the provisions set out in the Annex on the association with the Centre's activities;

¹ A Secure Europe in a Better World – the European Security Strategy, approved by the European Council, Brussels, 12 December 2003.

(iii) if the request is relevant in the field of the CFSP, in particular of the ESDP, international organisations such as the United Nations (UN), the Organisation for Security and Cooperation in Europe (OSCE) and the North Atlantic Treaty Organisation (NATO).";

2) Article 8(2) shall be replaced by the following:

"2. The Director shall appoint the Deputy Director of the Centre after approval by the Board. The Deputy Director shall be appointed for three years, with the possible extension of one three-year term. The Director shall be responsible for recruiting all other staff of the Centre.";

3) Article 11 shall be replaced by the following:

"Article 11

Work programme

1. The Director shall establish by 30 September each year a draft work programme for the following year accompanied by a draft long-term work programme containing indicative perspectives for two additional years, and shall submit it to the Board.
2. The Board shall approve the annual and long-term work programme by 30 November of each year.";

4) Article 12(3) shall be replaced by the following:

"3. The income of the Centre shall consist of contributions from the Member States except Denmark according to the gross national income (GNI) scale, payments made in remuneration for services rendered and miscellaneous income.";

5) Article 12(4) shall be replaced by the following:

"4. Task requests made in accordance with Articles 2(2), (3) and (4) may be subject to cost recovery charges pursuant to the guidelines laid down in the Centre's Financial Rules referred to in Article 15.";

6) Article 13 shall be replaced by the following:

"Article 13

Budgetary procedure

1. The Director shall submit to the Board by 30 September each year an annual draft budget for the Centre covering administrative expenditure, operational expenditure and expected income for the following financial year as well as long-term indicative estimates on expenditure and income in view of the draft long-term work programme.
2. The Board shall adopt the annual budget of the Centre by unanimity of the representatives of Member States by 30 November of each year.

3. In the case of unavoidable, exceptional or unforeseen circumstances, the Director may propose a draft amending budget to the Board. The Board, with due regard to the urgency, shall adopt the amending budget by unanimity of the representatives of Member States.";

7) Article 17 shall be replaced by the following:

"Article 17

Secondment

1. In agreement with the Director, experts from Member States and officials from European Union institutions or agencies may be seconded to the Centre for a fixed period either to posts within the Centre's organisational structure and/or for specific tasks and projects.
2. In the event of a crisis, the Centre may be reinforced by specialist staff, seconded by the Member States, the Commission or the General Secretariat of the Council. The need for, and the length of, such secondments shall be determined by the Secretary-General/High Representative in consultation with the Director of the Centre.
3. The provisions relating to secondment shall be adopted by the Board on a proposal from the Director.

4. Staff members may be seconded for a fixed period in the interest of the service to a post outside the Centre, in accordance with the provisions relating to the staff of the Centre.";

8) The following Article shall be inserted:

"Article 20a

Association of the Commission

The Commission shall be fully associated with the work of the Centre. The Centre shall establish the necessary administrative arrangements and working relations with the Commission, with a view to maximising synergies and avoiding unnecessary duplication by exchanging expertise and advice in those areas where the activities of the Community have a bearing on the Centre's mission and where the activities of the Centre are relevant to those of the Community.";

9) Article 22 shall be replaced by the following:

"Article 22

Reporting

By 31 July 2011, the Secretary-General/High Representative shall present a report to the Council on the functioning of the Centre accompanied, if necessary, by appropriate recommendations with a view to its further development.";

- 10) Articles 1(3), the second sentence of Article 9(1) and Articles 12(5) and 23(1), (2), (4), (5) and (6) shall be deleted.

Article 2

This Joint Action shall enter into force on the day of its adoption.

Article 3

This Joint Action shall be published in the *Official Journal of the European Union*.

Done at Brussels, 21 December 2006.

For the Council

The President

J. KORKEAOJA
