

THE EUROPEAN COUNCIL

**PARIS
INFORMAL MEETING
18 NOVEMBER 1989**

Documents in the dossier include:

Informal meeting of members of the European Council

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Paris Summit – Eastern Europe

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(ii) the wish to confirm the stability of existing alliances and borders;

(iii) the desire to respond to non-member countries' concern that the Community's market should be opened up to them.

Guidelines for Community action

2.2.17. In the framework of the mandate given to the Commission by the Paris Summit,² consensus was reached on the urgency of financial support linked to an agreement with the IMF, which it was hoped would be reached before the end of the year (stabilization fund for Poland and balance-of-payments support for Hungary). Studies of the following measures were to be prepared for the Strasbourg European Council: proposed development and modernization bank for Eastern Europe, European Training Foundation, extension of youth exchange programmes.

Most participants also stressed the need to step up Community action and structures to ensure that the Single Act and economic and monetary union are implemented in full and to strengthen external policy. However, these subjects were, as planned, held over for discussion by the Strasbourg European Council.

Eastern Europe

Informal meeting of members of the European Council

2.2.15. An exceptional meeting following exceptional events, the working dinner of Heads of State or Government in Paris on 18 November was exclusively dedicated to current developments in Eastern Europe and the Community's attitude to them.

Participants were struck by the convergence of views and the shared concern that there should be a joint reaction from the Twelve. The President of the European Council summed up the atmosphere in two words: solidarity and unity.

In this respect the meeting marked an important step in the development of the Community since the Single Act, and in particular in integrating political cooperation and Community activities: guidelines for Community action were drawn up on the basis of a common analysis.

Common political analysis

2.2.16. The developments in East Germany, Hungary, Poland and Yugoslavia were examined. Participants noted:

(i) the will to back up and encourage democratic change;

1. Paris Summit — Eastern Europe

1.1.1. The Heads of State or Government of seven major industrial nations and the President of the Commission met in Paris from 14 to 16 July for their annual economic summit,¹ the 15th since Rambouillet in 1975 and the 12th attended by the Community since the Summit in London in 1977. It was presided over by François Mitterrand, the President of the French Republic.

An economic declaration, and declarations on East-West relations, China, human rights and terrorism were adopted.²

The Commission is given the task of coordinating measures to help economic restructuring in Poland and Hungary³

1.1.2. On East-West relations, the Summit noted that the peoples of Eastern Europe are aspiring increasingly vociferously to freedom and democracy, and that in some of the East European countries the leadership has set in motion a process of democratization and modernization. Concerning developments in Poland and Hungary in particular, the Heads of State or Government and the President of the Commission welcomed the reform process under way in those countries and affirmed their readiness to support this process with coordinated economic aid aimed at transforming and opening up their economies in a durable manner. Taking the view that other interested countries and the competent international institutions should also be involved in the endeavours of the Seven, they called for a meeting to be held as soon as possible to organize concerted aid and for the Commission to take the necessary steps to this end.

The scope of the measures and the role of the Commission

1.1.3. At the General Affairs Council on 17 and 18 July, the Commission gave its interpretation of the conclusions of the Paris Summit with regard to the substance of the

measures to be envisaged and its role as coordinator. It made a distinction between three types of measures: the supply of food to Poland (including emergency food aid), the development of commercial cooperation and trade with Poland and Hungary, and economic cooperation with these two countries, including financial assistance. The Commission also defined its role in the follow-up to the Summit as the task of coordinating operations in support of the reform process in Poland and Hungary initiated by the various countries concerned in order to put together a consistent overall programme in line with the specific needs of each of these two countries.

Food aid from the Community

1.1.4. The General Affairs Council having approved its general thinking on the matter, on 19 July the Commission adopted, for transmission to the Council, a proposal for a Regulation on the supply of agricultural products to Poland for sale on the local markets, with the proceeds going into a counterpart fund to finance economic restructuring operations.⁴ Adopted by the Agriculture Council on 24 July, Regulation (EEC) No 2247/89⁵ provides for the supply to Poland of the following quantities of products from intervention stocks: 500 000 tonnes of wheat of breadmaking quality, 300 000 tonnes of feed-grain (maize, barley and rye), 10 000 tonnes of beef and veal, 5 000 tonnes of olive oil and 20 000 tonnes of citrus fruit. The cost of the operation is estimated at ECU 110 million, plus ECU 15 to 20 million for transport costs, all this expenditure to be met by the EAGGF.

The first stage in the operation will be the supply of 10 000 tonnes of beef and veal in September. The decision to supply the first

¹ Previous Summit: Bull. EC 6-1988, points 1.6.1 to 1.6.6.

² See points 3.2.1 to 3.2.6 for the full texts of the declarations adopted.

³ Known as 'Operation Phare'.

⁴ COM(89) 393 final.

⁵ OJ L 216, 27.7.1989.

instalment of cereals (200 000 tonnes of wheat and 100 000 tonnes of barley) was taken at the end of August.

First coordination meeting

1.1.5. With a view to organizing the meeting called for by the Paris Summit, the Commission launched a fact-finding operation to establish the economic situation and outlook in Poland and Hungary and the aid requirements of those two countries. To this end, several international organizations were approached: the International Monetary Fund, the World Bank, the OECD, the UN Economic Commission for Europe, GATT and the Paris Club.¹ Two fact-finding missions to Hungary and Poland at the end of July confirmed the considerable impact of the Summit in those two countries and the expectations it had aroused.

1.1.6. The first coordination meeting convened by the Commission took place in Brussels on 1 August. Representatives of 24 countries, all OECD members, including the 12 Community Member States, were present. They all declared their readiness to take part in the concerted aid scheme and endorsed the Commission's analysis of the procedures and objectives of the operation. Several countries announced their contributions to a programme for the supply of food to Poland and the setting-up of a counterpart fund into which the proceeds

from the sale of the products supplied would go. There was a general desire to encourage the reform process in Hungary and Poland and help develop the private sector. The importance of the reform programme which Poland is about to discuss with the IMF was emphasized in this context. The main priorities of an aid programme for these two countries also emerged from the meeting: better export outlets, aid with vocational training (including training for managers), investment promotion and the setting-up of mixed companies, and cooperation on the environment. Working parties will be set up on these topics. It was agreed that the Commission would draw up a summary based on information provided by the participating countries as a basis for the further work of the Group of 24 whose next meeting was scheduled for the end of September. The OECD, the IMF, the World Bank and the Paris Club will be closely involved with the concerted aid scheme.

The ground has therefore been prepared for implementing the conclusions of the Paris Summit. The Commission has endeavoured to act as quickly as possible to speed up the concerted action operation and ensure that the West's response to urgent needs can be given without delay.

¹ The Paris Club, which consists of creditor countries, examines the procedures for managing the debts of debtor countries.