

DOSSIER

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(Christian-Democratic Group)
of the European Parliament**

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Foreword

At the end of 1990, there were two Intergovernmental Conferences at Community level and one Summit at pan-European level. These three initiatives all had the same common goal: the establishment of a solid framework of peace and security in Europe by the completion of economic, monetary and political union and by the introduction of cooperation between the Community and the other members of the pan-European Helsinki Conference.

The European Council lies right at the heart of the European Community's politicization process, acting as both its driving force and its guide. The institutionalization of the European Council in the 1986 Single European Act has already led to the strengthening of the Community's democratic legitimacy through the cooperation procedure with the European Parliament, to the establishment of a single market and to the coordination of the Community's external economic relations and foreign policies laid down within the framework of political cooperation. The pan-European Summit in Paris and the two Intergovernmental Conferences sponsored by the European Council opened a new phase of this long process of politicization, a process which began some thirty years ago and which is now gaining momentum to keep pace with the rapidly changing course of history. It was with this new phase in mind that it seemed useful to 'review' the activities of the European Council from 1961 to the present day. The aim of this DOSSIER is to give an overall view of the activities of the European Council, a body which has enabled Community issues to be placed in a worldwide context, allowed decision-making procedures to be simplified, and permitted the first outline of the Community's foreign policies to be drawn up, all with a view to the centre role which EUROPEAN UNION will play on the international stage.



Egon KLEPSCH

Chairman of the EPP Group (CD)

in the European Parliament

- A -

Introductory note

The aims of the 'Summit Conferences' (the meetings of Heads of State or Government of the Member States of the European Community, which are not provided for in the Treaties establishing the European Communities and which took place at irregular intervals between 1961 and 1974) have been to consider the general guidelines for Community policy and to consider political cooperation and the development of the institutions.

At the 1974 Summit Conference, the European Council was set up on a proposal from the French President, Giscard d'Estaing; at the same time, the terms 'Summit' and 'Heads of State' were abandoned in favour of the title 'European Council'. It was then decided that the Heads of Government would meet, 'accompanied by the Ministers of Foreign Affairs, three times a year and, whenever necessary, in the Council of the Communities and in the context of political cooperation'.

At the June 1977 session in London, the European Council put forward five points defining its organization (types of discussion, advance preparation of the agenda, the issuing of statements, the recording of conclusions and the attendance of officials).

The amendment of the Treaties by the Single European Act in 1986 institutionalized the European Council, making it a Community body which 'shall bring together the Heads of State or of Government of the Member States and the President of the Commission of the European Communities. They shall be assisted by the Ministers for Foreign Affairs and by a Member of the Commission. The European Council shall meet at least twice a year.' (Article 2 of the common provisions of the Single European Act).

Since 1989 the President of the European Parliament has been invited to be present during the European Council's deliberations.

Before the European Council was institutionalized in 1977, the outcome of its sessions was notified to the Press under various headings (communiqué, decisions, conclusions and Presidency conclusions). Since 1977 the European Council has made public its decisions on some subjects, and in certain cases it issues a statement registering a 'concerted Community opinion' on a topic of

international concern. Official press releases on informal exchanges of views are only issued sporadically.

During European Council sessions, solutions have been found for various major problems, including those relating to the Community budget and to the institution of the EMS. At present, attention is focused on issues relating to Central and Eastern Europe, and, on an internal level, on schemes connected with Economic and Monetary Union and Political Union. Two intergovernmental conferences entrusted with amending the Treaties have been convened.

The table below gives an overall view of all Summit Conferences and European Council sessions held up to June 1990 with an indication of the main topics covered.

Summit conferences from 1961 to 1972 (Europe of the Six)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
10-11/2/1961 PARIS	European political cooperation Organization of Summits	Development of cooperation with the USA EFTA			
17-19/7/1961 BONN	Political cooperation (Fouchet Plan) Organization of Summits Extension of powers of the EP				University in Florence
29-30/5/1967 ROME	Merger of Community Institutions Enlargement	Applications for accession from the United Kingdom, Ireland and Denmark			European University
1-2/12/1969 THE HAGUE	Political cooperation (Davignon I) Enlargement EP elections EP budgetary powers	Opening of negotiations with applicant countries EFTA	Economic and Monetary Union (EMU) Developing countries	EP budgetary powers	European University
19-21/10/1972 PARIS	European Union European political cooperation (Davignon II) EP elections Supervisory powers of EP Enlargement Economic and Social Committee	CSCE GATT East-West Japan Canada	European Regional Development Fund (ERDF) Environment External relations Social, industrial, scientific and technological issues Energy Developing countries EMU		

Summit conferences from 1973 to 1974 (Europe of the Nine)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
14-15/12/1973 COPENHAGEN	European political cooperation EP budgetary powers European Union Court of Auditors European Identity (declaration)	Middle East Latin America China USA	EMU Social Action Programme ERDF Developing countries Energy	EP budgetary powers	
9-10/12/1974 PARIS	Creation of European Council European Union (Tindemans) EP elections Extension of powers of the EP Majority voting within Council European political cooperation (Marlia procedure)	CSCE	Energy ERDF Convergence of economic policies Employment Social Action Programme EMU	Own resources/ budgetary correcting mechanism	Passport Union Special rights for citizens of Member States

Sessions of the European Council from 1975 to 1980 (Europe of the Nine)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
10-11/3/1975 DUBLIN		CSCE Cyprus New Zealand	Energy Developing countries	Budgetary correcting mechanism	
16-17/7/1975 BRUSSELS	EP elections	North-South dialogue Portugal China CSCE (statement) United Nations (statement)	Energy Tripartite Conference		Passport Union Special rights of Member States' citizens
1-2/12/1975 ROME	EP elections European Union Marlia procedure Court of Auditors	North-South dialogue (CIEC) CSCE	Tripartite Conference	Community budget	Passport Union Law and order
1-2/4/1976 LUXEMBOURG	European Union (Tindemans report) EP elections	Rhodesia	Convention of Lomé (declaration)		Homage to Monnet
12-13/7/1976 BRUSSELS	EP elections (distribution of seats) European Union (Tindemans report)	International terrorism (declaration) Economic Summit	Fisheries Convergence of economic policies Tripartite Conference		
25-30/11/1976 THE HAGUE	European Union (Tindemans report)	North-South dialogue Japan	Economic and monetary issues		

Sessions of the European Council from 1975 to 1980 (Europe of the Nine)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
25-26/3/1977 ROME	Organization of European Council meetings Enlargement of the Community	Japan North-South dialogue Economic Summit (Community participation)	Iron and steel industry Employment Tripartite Conference EMU		European Foundation
29-30/6/1977 LONDON	Organization of European Council meetings	Middle East	European Social Fund (ESF) Employment		
5-6/12/1977 BRUSSELS	European Union Delegation of powers to the Commission (Article 155 of the EEC Treaty) EP elections (date)	Japan	EMU ERDF Employment New Community Instrument (NCI) Monetary compensatory amounts (MCAs) European unit of account (ECU)		European Foundation Legal cooperation
7 8/4/1978 COPENHAGEN	Declaration on democracy EP elections (date)	Japan Middle East International terrorism (declaration) North-South dialogue	Developing countries EMU Energy Marine pollution Agriculture		European Foundation EIB (doubling of capital)
6 7/7/1978 BREMEN		Japan Middle East Namibia Zimbabwe North-South dialogue Zaire South Africa	European Monetary System (EMS) Energy Developing countries Employment Tripartite Conference Mediterranean agriculture Marine pollution		
4 5/12/1978 BRUSSELS	Committee of the Three Wise Men (terms of reference for) European Union		EMS ECU Tripartite Conference Convergence of economic policies		
12-13/3/1979 PARIS		Japan	Energy Agriculture Employment Convergence of economic policies		
21-22/6/1979 STRASBOURG	EP elections	Japan Indochina	EMS Energy Employment Convergence of economic policies	Budget and budgetary correcting mechanism Own resources	

Sessions of the European Council from 1975 to 1980 (Europe of the Nine)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
29-30/11/1979 DUBLIN	European Union Report of the Three Wise Men	Iran (statement) Cambodia (statement)	Telematics Employment Energy European Monetary Fund (EMF)	Own resources Convergence and budgetary questions	
27-28/4/1980 LUXEMBOURG	Report of the Three Wise Men	North-South dialogue Afghanistan Iran Middle East	EMS Energy Fisheries Marine pollution Employment Agriculture	Own resources	
12-13/6/1980 VENICE		Middle East Afghanistan Lebanon North-South dialogue	Fisheries Employment Energy Restructuring of Community policies	The United Kingdom's contribution to the budget Own resources	
1-2/12/1980 LUXEMBOURG	Report of the Three Wise Men Political cooperation (declaration)	Middle East East-West relations Lebanon Jordan Syria Japan	Mandate of 30 May 1980 Industrial policy Employment EMS		

Sessions of the European Council from 1981 to 1984 (Europe of the Ten)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
23-24/3/1981 MAASTRICHT	Seat of the institutions	Spain North-South dialogue Middle East (declaration) Lebanon (declaration) Afghanistan (declaration) Poland (declaration) EEC-USA	EMS Agricultural prices Restructuring of Community policies		European passport
29-30/6/1981 LUXEMBOURG		Japan North-South dialogue Afghanistan (declaration) Middle East Lebanon Cambodia Namibia EEC-USA Economic Summit	Internal market Iron and steel industry 'Espace social' Mandate of 30 May 1980 (implementation of)		

Sessions of the European Council from 1981 to 1984 (Europe of the Ten)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
26-27/11/1981 LONDON	European political cooperation (report by Lord Carrington) Enlargement European Union (German-Italian initiative)	Poland CSCE Afghanistan East-West Disarmament	Mediterranean agriculture Agricultural prices	Community budget	
29-30/3/1982 BRUSSELS	European political cooperation	Japan Middle East Central America Turkey EEC-USA Economic Summit Afghanistan	EMS Mandate of 30 May 1980 ECU		Memorandum from the Greek Government
28-29/6/1982 BRUSSELS		Middle East Latin America Iran Iraq EEC-USA	Employment Convergence of economic policies		
3-4/12/1982 COPENHAGEN	Enlargement	Poland Afghanistan East-West Middle East Lebanon GATT EEC-USA Japan	Fisheries Internal market NCI EMS Employment Vocational training New ACP-EEC Convention		
21-22/3/1983 BRUSSELS	Enlargement European political cooperation	Middle East Iran Iraq Economic Summit	Internal market Energy Transport Right of establishment New technologies Environment Employment	Budgetary discipline Compensation for the United Kingdom	
17-19/6/1983 STUTTGART	European political cooperation Enlargement European Union (Solemn Declaration)	Poland CSCE UNCTAD VI Central America Middle East	Agriculture Environment Iron and steel industry Transport Internal market Employment New technologies (ESPRIT) Integrated Mediterranean Programmes (IMPs)	Own resources Budgetary discipline Compensation for the United Kingdom	
5-6/12/1983 ATHENS			Agriculture	Own resources Rectification of Community budget	

Sessions of the European Council from 1981 to 1984 (Europe of the Ten)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
19-20/3/1984 BRUSSELS	Enlargement	East-West Middle East	Agriculture IMPs Transport Financial instruments VAT	Budgetary and financial discipline Own resources The United Kingdom's contribution to the budget	
25-26/6/1984 FONTAINEBLEAU	Creation of Ad hoc Committee on Institutional Affairs (Dooqe Committee)		Fisheries MCAs Wine market Social action programme Transport VAT	Budgetary and financial discipline Own resources The United Kingdom's contribution to the budget	European passport Creation of ad hoc Committee on a People's Europe (Adonnino Committee)
3-4/12/1984 DUBLIN	European Union Dooqe Committee	Middle East Lebanon Iran-Iraq East-West Central America Hunger in the world (famine in Africa) International terrorism	Internal market Transport Environment Employment IMPs New technologies Wine market ECU EMS		Adonnino Committee

Sessions of the European Council from 1985 to 1990 (Europe of the Twelve)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
29-30/3/1985 BRUSSELS	Enlargement Consideration of Dooqe Committee report	Hunger in the world (famine in Africa)	Internal market Employment Environment IMPs Small and medium-sized industries (SMI) Industrial strategy New technologies		Adonnino Committee
28-29/6/1985 MILAN	Adoption of Dooqe Committee report Intergovernmental Conference on amending the Treaties	Japan COMECON Hunger in the world (famine in Africa)	VAT Investment Employment EMS Industrial strategy Technological cooperation (EUREKA) Internal market (White Paper) ECU		Adoption of Adonnino Committee report

Sessions of the European Council from 1985 to 1990 (Europe of the Twelve)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
2-3/12/1985 LUXEMBOURG	Single European Act EEC Commission (management and implementing powers) European Parliament (cooperation procedure) European political cooperation	GATT	IMPs EMS Health (programme of action against cancer) Internal market (measures for progressive establishment of) EMU Research and techno- logical development Environment Social policy Economic and social cohesion		
26-27/6/1986 THE HAGUE	EEC Commission (working method of)	Chemobyl Central America South Africa (statement) Drugs	Internal market CAP Employment Technological cooperation Transport Capital market		Implementation of Adonnino Committee report
5-6/12/1986 LONDON	Single European Act (ratification of)	Afghanistan (statement) Japan International terrorism	Internal market Structural policies Employment Research and technology Economic and social cohesion Environment ERASMUS Health (cancer, drugs, AIDS) IMPs (labour market) Transport		Illegal immigration Legal cooperation Right of asylum
29-30/6/1987 BRUSSELS	Single European Act (making a success of the)		Research Structural policies Agriculture MCAs Common economic area Economic and social cohesion	Own resources Budgetary imbalances Budgetary and financial discipline	
4-5/12/1987 COPENHAGEN		East-West (declaration) Middle East (declaration) Afghanistan (declaration)	CAP Reform of the Structural Funds	Budgetary and financial discipline Own resources Budgetary imbalances	

Sessions of the European Council from 1985 to 1990 (Europe of the Twelve)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
11-12/2/1988 BRUSSELS	Interinstitutional cooperation (application of European Council decisions)	OECD (statement)	CAP	Budgetary and financial discipline Own resources Budgetary imbalances	
26-27/6/1988 HANOVER	Single European Act (interinstitutional agreement) Presidency of the EEC Commission	East-West Afghanistan Middle East South Africa Namibia Angola Latin America	Internal market (completion of) Environment (declaration) EMU (Committee of experts) Social affairs, labour, employment, training Audiovisual EUREKA (European area) Taxation Capital market Free movement of persons		
2-3/12/1988 RHODES	Single European Act (contribution of the EP to the implementation of)	International role of the Community East-West Middle East Lebanon Cyprus CSCE	Internal market (report from the EEC Commission) Health Environment Energy Transport Taxation Capital market Audiovisual (European area) Social affairs, labour, employment, training Free movement of persons (creation of Coordinators' Group)		

Sessions of the European Council from 1985 to 1990 (Europe of the Twelve)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
26-27/6/1989 MADRID	Single European Act (implementation of) Intergovernmental Conference on amending the Treaties (EMU)	CSCE East-West Middle East (declaration) Maghreb Cyprus Latin America Asia China (declaration) EFTA Eastern Europe Poland Hungary USA Uruguay Round (GATT) European Guarantee Fund (EGF) (creation of a Fund for operations to reduce the payment and level of the foreign debt of heavily indebted countries: Latin America, North Africa, Far East and Eastern Europe)	Internal market (completion of) New ACP-EEC Convention Audiovisual Environment Research EMU Community Charter of Fundamental Social Rights Economic and social cohesion Social affairs, labour, employment, training Taxation Capital market Free movement of persons		
8-9/12/1989 STRASBOURG	Single European Act (implementation of) Intergovernmental Conference on amending the Treaties (EMU)	EFTA Central and Eastern Europe (declaration) Middle East (declaration) Lebanon (statement) Euro-Arab Conference (Paris, Dec. 1989) (statement) Ethiopia (statement) Southern Africa (declaration) Chile (declaration) Central America (statement) Latin America Mediterranean countries European Bank for Reconstruction and Development (creation of) GATT	Internal market (completion of) Transport Structural policies Environment (European Agency) Research (framework programme for 1990-1994) Audiovisual Community Charter of Fundamental Social Rights (adoption of) New ACP-EEC Convention Economic and social cohesion Health (cancer, action programme for 1990-1994) EMU Free movement of persons (report from the Coordinators' Group)		Human rights (statement)

Sessions of the European Council from 1985 to 1990 (Europe of the Twelve)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
28/4/1990 DUBLIN	Political Union Intergovernmental Conference on amending the Treaties (EMU)	Central and Eastern Europe CSCE Cyprus USA EFTA Drugs European Bank for Reconstruction and Development	EMU External relations		German unification (declaration)
25-26/6/1990 DUBLIN	Single European Act (report on progress of) Political Union Presidency of EEC Commission (re- newal of mandate) Seat of the institutions Intergovernmental Conferences on amending the Treaties (EMU and Political Union) (date)	Central and Eastern Europe CSCE USSR USA Canada South Africa (declaration) Middle East (declaration) Iran (earthquake) Cyprus (declaration) India (declaration) Pakistan International terrorism EFTA Uruguay Round (GATT) Nuclear non- proliferation (declaration on the treaty of) Drugs	Internal market Research (framework programme for 1990-1994) Environment (declaration) EMU External relations Free movement of persons Social Dimension		Anti-Semitism, Racism and Xenophobia (declaration) German unification
27-28/10/1990 ROME	Intergovernmental Conferences on amending the Treaties EMU and Political Union (organization of the conferences)	Canada Iraq Central and Eastern Europe Uruguay Round (GATT) USA Middle East (declaration) CSCE (declaration) Gulf crisis (declaration) USSR			

Sessions of the European Council from 1985 to 1990 (Europe of the Twelve)

Date and place	Institutional issues	International issues	Community policies	Community budget	Miscellaneous
14-15/12/1990 ROME	Political Union Intergovernmental Conferences on amending the Treaties (EMU and Political Union)	South Africa (declaration) Gulf crisis (declaration) Middle East (declaration) Lebanon (declaration) USSR Developing countries Central and Eastern Europe EFTA Drugs GATT USA Latin America Mediterranean Countries	Internal market EMU Transport Social Dimension Free movement of persons		

Luxembourg, 14 January 1991

Lina VIDO

- B -

CONCLUSIONS OF THE
CONFERENCES OF THE
HEADS OF STATE OR OF
GOVERNMENT

(1961 - 1974)

Conference of the Heads of State or of Government of the Member States of the EEC

Paris, 10 and 11 February 1961

Communiqué

The Heads of State or of Government and the Foreign Ministers of the Federal Republic of Germany, Belgium, France, Italy, Luxembourg and the Netherlands met in Paris on 10 and 11 February 1961.

Special links already unite the six countries on the economic plane and they will become even stronger as the Treaties of Paris and Rome are implemented. The six Governments are anxious to seek, in a spirit of good will and friendship, all agreements likely to maintain and develop trade with other European countries, in particular with Great Britain, and with the other countries of the world. They will attempt, in the same spirit, to find solutions to the problems stemming from the existence of two economic groupings in Europe.

It was the purpose of the Conference to seek the methods by which closer political cooperation could be organized. In establishing links in other fields, the intention is to lay the foundation of a Union which would develop progressively. It will be possible for this Union, limited for the moment to the Member States of the European Economic Community, to be extended later.

The establishment in Europe of a new type of relationship, based on the development of a Common Market through the abolition of all customs protection and harmonization of the economies and also on political cooperation in a spirit of friendship, confidence and equality, constitutes one of the major events of the present time. Amidst the crises and upheavals which beset the world, Western Europe, so recently ravaged by national rivalries and conflicts, is to become an area of understanding, liberty and progress. In this way, what Europe does will carry more weight in the world, which will be to the advantage of all free countries and will, in particular, lead to closer cooperation with the United States.

It was decided that a Committee of representatives from the six Governments should submit for the next session concrete proposals on the meetings to be held by the Heads of State or Government and the Foreign Ministers, and on any other meeting considered desirable. This Committee will also study other problems concerning European cooperation, especially those relating to the development of the Communities.

It was decided to hold the second meeting on 19 May 1961 in Bonn.

Conference of the Heads of State or of Government of the Member States of the EEC

Bonn, 17 - 19 July 1961

Communiqué

The Heads of State or of Government of the Federal Republic of Germany, Belgium, France, Italy, Luxembourg as well as the Prime Minister and the Minister for Foreign Affairs of the Netherlands, desirous of affirming the spiritual values and political traditions which form their common heritage, united in the awareness of the great tasks which Europe is called upon to fulfil within the community of free peoples in order to safeguard liberty and peace in the world, anxious to strengthen the political, economic, social and cultural ties which exist between their peoples, especially in the framework of the European Communities, and to advance towards the union of Europe;

convinced that only a united Europe, allied to the United States of America and to other free peoples, is in a position to face the dangers which menace the existence of Europe and of the whole free world, and that it is important to unite the energies, capabilities and resources of all those for whom liberty is an inalienable possession;

resolved to develop their political cooperation with a view to the union of Europe and to continue at the same time the work already undertaken in the European Communities;

Wishing for the accession to the European Communities of other European States ready to assume in all spheres the same responsibilities and the same obligations, have decided:

1. To give shape to the will for political union already implicit in the Treaties establishing the European Communities, and for this purpose to organize their co-operation, to provide for its development and to secure for it the regularity which will progressively create the conditions for a common policy and will ultimately make it possible to embody in institutions the work that has been begun;
2. To hold at regular intervals meetings whose aim will be to compare their views, to concert their policies and to reach common positions in order to further the political union of Europe, thereby strengthening the Atlantic alliance. The ne-

cessary practical measures will be taken to prepare these meetings. In addition, the continuation of active cooperation among the Foreign Ministers will contribute to the continuity of the action undertaken in common. The cooperation of the Six must go beyond the strictly political field, and will in particular be extended to the sphere of education, of culture, and of research, where it will be ensured by periodical meetings of the Ministers concerned;

3. To instruct their Committee to submit to them proposals on the means which will as soon as possible enable a statutory character to be given to the union of their peoples.

The Heads of State or Government are convinced that by thus organizing their cooperation they will further the application of the Rome and Paris Treaties. They also believe that their cooperation will facilitate any reforms which might seem opportune in the interests of the greater efficiency of the Communities.

To this end they have decided:

- (a) to have a study made of the various points of the resolution of the European Parliament of 29 June 1961, on the subject of political cooperation among the Member States of the European Communities;
- (b) to associate public opinion more closely with the efforts already undertaken, by inciting the European Parliament to extend the range of its debates to new fields, with the cooperation of the Governments.

Declaration on cultural cooperation

The Conference of Heads of State or Government, meeting in Bonn on 18 July 1961, has taken note of the report drawn up by the Study Committee on the subject of cooperation in the field of higher education and research.

It has envisaged the establishment of a Council composed of the Ministers of National Education or the Ministers whose responsibilities include international cultural relations, assisted by a committee of experts, as well as the negotiation of one or several conventions on the following subjects:

- cooperation and exchanges between universities of the Member States of the European Communities;
- the "European status" ('vocation Européenne') which could be accorded to university or research institutes in the various countries;
- the establishment by Italy of a European University in Florence, to the intellectual life and financing of which the six Governments will contribute;
- the possible establishment of other European institutes devoted to university teaching or to scientific research.

The Study Committee has been instructed to work out as quickly as possible drafts for the conventions and acts which are to embody this plan for cultural cooperation.

Conference of the Heads of State or of Government of the Member States of the EEC

Rome, 29 and 30 May 1967

Communiqué

On the occasion of the celebration of the tenth anniversary of the signing of the Treaties establishing the EEC and EAEC, a summit meeting was held in Rome, at the close of which the following communiqué was issued:

1. On 29 and 30 May, at the invitation of the President of the Italian Council of Ministers, M. Aldo Moro, the following met in Rome: the President of the French Republic, General de Gaulle, with the French Prime Minister, Georges Pompidou, the Belgian Prime Minister, M. Van den Boeynants, the Chancellor of the Federal Republic of Germany, M. Kurt Kiesinger, the Luxembourg Prime Minister, M. Pierre Werner, and the Netherlands Prime Minister, M. Piet de Jong, accompanied by their respective Ministers for Foreign Affairs, M. Fanfani, M. Couve de Murville, M. Harmel, M. Brandt, M. Grégoire, M. Luns, and the Belgian Minister for European Affairs, M. van Elsslande.

On 29 May the Heads of State or Government of the six EEC member countries attended the celebration at the Capitol of the tenth anniversary of the signing of the Treaties of Rome establishing the European Economic Community and Euratom, with M. Giuseppe Saragat, President of the Italian Republic, in the Chair.

The ceremony was also attended by representatives of the institutions and organs of the European Communities and by representatives of the associated countries and signatories to the Treaties of Rome.

The celebration of this historical event constituted a further solemn affirmation of the solidarity of the member countries and their determination to continue along the path indicated by the Treaties of Rome.

2. On 30 May the Heads of State or Government and their Ministers had an exchange of views, in the light of an introductory report by M. Moro, on the development of the Communities. They agreed that the results achieved so far constituted an unprecedented success for the new spirit of cooperation which has arisen among the member countries and enabled them to reconcile their interests for the sake of the higher common interest. With the backing of the Parliaments and public opinion in their respective countries, the Heads of State or Government reiterated the undertaking to make the necessary efforts to attain the objectives set out in the Treaties of Rome.
3. The Heads of State or Government expressed their intention of implementing, as from 1 July 1967, the Treaty of 8 April 1965 merging the institutions of the three Communities. They stressed the importance of such a decision, in particular as a step towards the merger of the three Treaties.
4. The Heads of State or Government then discussed the applications for membership made by the United Kingdom, Ireland and Denmark and agreed that the matter should be examined by the Council of Ministers of the Communities as required by the Treaties.
5. The States taking part in the Conference agreed to study the possibilities of gradually tightening their political links by the methods and procedures suggested by experience and circumstances. The Foreign Ministers were asked to examine this matter further.
6. The Heads of State or Government agreed to meet again, probably this year.
7. The Heads of State or Government also agreed that there should be further study of the project, already examined at the Bonn Conference of 18 July, for a European university in Florence.

Conference of the Heads of State or of Government of the Member States of the EEC

The Hague, 1 and 2 December 1969

Communiqué

1. On the initiative of the Government of the French Republic and at the invitation of the Netherlands Government, the Heads of State or Government and the Ministers for Foreign Affairs of the Member States of the European Communities met at The Hague on 1 and 2 December 1969. The Commission of the European Communities was invited to participate in the work of the Conference on the second day.
2. Now that the Common Market is about to enter upon its final stage, they considered that it was the duty of those who bear the highest political responsibility in each of the Member States to draw up a balance sheet of the work already accomplished, to show their determination to continue it and to define the broad lines for the future.
3. Looking back on the road that has been traversed, and finding that never before have independent States pushed their cooperation further, they were unanimous in their opinion that by reason of the progress made the Community had now arrived at a turning point in its history. Over and above the technical and legal sides of the problems involved, the expiry of the transitional period at the end of the year has, therefore, acquired major political significance. Entry upon the final stage of the Common Market not only means confirming the irreversible nature of the work accomplished by the Communities, but also means paving the way for a united Europe capable of assuming its responsibilities in the world of tomorrow and of making a contribution commensurate with its traditions and its mission.
4. The Heads of State or Government therefore wish to reaffirm their belief in the political objectives which give the Community its full meaning and scope, their determination to carry their undertaking through to the end, and their confidence in the final success of their efforts. They have a common conviction that a Europe composed of States which, in spite of their different national

characteristics, are united in their essential interests, assured of its internal cohesion, loyal to its friendly relations with outside countries, conscious of the role it has to play in promoting the relaxation of international tension and rapprochement among all peoples and, first and foremost, among those of the entire European continent, is indispensable for preserving an exceptional seat of development, of progress and culture, for world equilibrium and for peace.

The European Communities remain the original nucleus from which European unity sprang and developed. The entry of other countries of this continent into the Communities - in accordance with the provisions of the Treaties of Rome - would undoubtedly help the Communities to grow to dimensions still more in conformity with the present state of economy and technology. The creation of special links with other European States which have expressed a desire to that effect would also contribute to this end. A development such as this would enable Europe to keep up its traditions of an open attitude to the world and increase its efforts on behalf of developing countries.

5. As regards the completion of the Communities, the Heads of State or Government have reaffirmed the will of their Governments to pass from the transitional period to the final stage of the European Community and, accordingly, to lay down a definitive financial arrangement for the common agricultural policy by the end of 1969.

They agree to replace gradually, within the framework of this financial arrangement, the contributions of member countries by the Community's own resources, taking into account all the interests concerned, with the object of achieving in due course the integral financing of the Communities' budgets in accordance with the procedure provided for in Article 201 of the Treaty establishing the EEC and of strengthening the budgetary powers of the European Parliament.

The problem of direct elections will continue to be studied by the Council of Ministers.

6. They have asked the Governments to continue without delay, within the Council, the efforts already made to ensure a better control of the market by a policy of agricultural production making it possible to limit the burden on budgets.
7. The acceptance of a financial arrangement for the final stage does not exclude its adaptation by unanimous vote in an enlarged Community, on condition that the principles of this arrangement are not watered down.
8. They have reaffirmed their readiness to expedite the further action needed to strengthen the Community and promote its development into an economic union. They are of the opinion that the integration process should result in a Community of stability and growth. To this end they agreed that, within the Council, on the basis of the memorandum presented by the Commission on 12 February 1969, and in close collaboration with the latter, a plan in stages will

be worked out during 1970 with a view to the creation of an Economic and Monetary Union.

The development of monetary cooperation should be based on the harmonization of economic policies.

They agreed to arrange for the investigation of the possibility of setting up a European reserve fund which should be the outcome of a joint economic and monetary policy.

9. As regards the technological activity of the Community, they reaffirmed their readiness to continue more intensively the activities of the Community with a view to coordinating and promoting industrial research and development in the principal pacemaking sectors, in particular by means of common programmes, and to supply the financial means for the purpose.
10. They are further agreed on the necessity of making fresh efforts to work out in the near future a research programme for the European Atomic Energy Community designed in accordance with the exigencies of modern industrial management, and making it possible to ensure the most effective use of the Joint Research Centre.
11. They reaffirmed their interest in the establishment of a European university.
12. The Heads of State or Government acknowledge the desirability of reforming the Social Fund, within the framework of a closely concerted social policy.
13. They reaffirmed their agreement on the principle of the enlargement of the Community, in accordance with Article 237 of the Treaty of Rome.

In so far as the applicant States accept the Treaties and their political aims, the decisions taken since the entry into force of the Treaties and the options adopted in the sphere of development, the Heads of State or Government have indicated their agreement to the opening of negotiations between the Community on the one hand and the applicant States on the other.

They agreed that the essential preparatory work for establishing a basis of negotiation could be undertaken as soon as practically possible. By common consent, the preparations are to take place in the most positive spirit.

14. As soon as negotiations with the applicant countries have been opened, discussions on their position in relation to the EEC will be started with such other EFTA members as may request them.
15. They instructed the Ministers for Foreign Affairs to study the best way of achieving progress in the matter of political unification, within the context of enlargement. The Ministers are to make proposals to this effect by the end of July 1970.

16. All the creative activities and the actions conducive to European growth decided upon here will be assured of a greater future if the younger generation is closely associated with them. The Governments have endorsed this need and the Communities will make provision for it.

Conference of the Heads of State or of Government of the Member States of the EEC

Paris, 19 and 21 October 1972

Communiqué

The Heads of State or of Government of the Member States of the enlarged Community meeting for the first time on 19 and 20 October in Paris at the invitation of the President of the French Republic solemnly declare that:

- At the time when the enlargement, decided under the rules fixed by the Treaties and respecting the work already accomplished by the six original Member States, is about to become a reality and give the European Community another dimension;
- At a time when world events are radically changing the international situation;
- At a time when hopes for détente and cooperation are emerging, which satisfy the interest and deeply-felt desire of all nations;
- At a time when disquieting monetary or trade problems are obliging us to seek lasting solutions for promoting expansion with stability;
- At a time when many developing countries, seeing the gap widening between them and the industrialized nations, are legitimately claiming increased aid and a more equitable utilization of wealth;
- At a time when the Community's tasks are magnifying and new responsibilities are being assigned to it;
- The time has come for Europe to realize the unity behind her interests, the scope of her capabilities and the importance of her obligations;
- Europe must be capable of making her voice heard in world affairs and making a creative contribution in proportion to her human, intellectual and material re-

sources and affirming her own concepts in international relations in line with her role in initiating progress, peace and cooperation.

To this end:

1. The Member States reaffirm their resolve to base their Community's development on democracy, freedom of opinion, free movement of men and ideas and participation by the people through their freely elected representatives;
2. The Member States have resolved to strengthen the Community by forming an Economic and Monetary Union, as a token of stability and growth, as the indispensable basis of their social progress and as a remedy for regional disparities;
3. Economic expansion, which is not an end in itself, must as a priority help to attenuate the disparities in living conditions. It must develop with the participation of both sides of industry. It must emerge in an improved quality as well as an improved standard of life. In the European spirit special attention will be paid to non-material values and wealth and to protection of the environment so that progress shall serve mankind;
4. Aware of the problems arising from persistent underdevelopment in the world, the Community affirms its resolve, within overall policy, towards the developing countries, to raise its efforts in aid for and cooperation with the poorest nations, with special consideration for the countries towards whom historically, geographically and through signed commitments the Community has specific obligations;
5. The Community reaffirms its resolve to promote the development of international trade. This resolve is extended to all countries without exception. The Community is prepared, openmindedly as it has already proved and in line with the IMF and GATT procedures, to enter as soon as possible into negotiations based on the principle of reciprocity, which will allow stable and balanced economic relations to be achieved in monetary affairs and trade, in which the interests of the developing countries must receive full consideration;
6. In the interests of the good neighbourly relations which must exist between all the European nations, whatever their régime, the Member States are resolved, especially through the Conference on European Security and Cooperation, to promote their policy of détente and peace with Eastern European countries, establishing on a permanent basis broader human and economic cooperation;
7. In line with its political aims, the construction of Europe will allow the continent to assert its personality in the loyalty of its traditional friendships and in the alliances of its Member States and to make its mark in world affairs as a distinct entity determined to promote a better international balance which respects the United Nations Charter. The Member States of the Community, the driving wheels of European construction, declare their intention of converting their entire relationship into a European Union before the end of this decade.

Economic and monetary policy

1. The Heads of State and Government reaffirm the resolve of the Member States of the enlarged Community to move irrevocably toward the Economic and Monetary Union, by confirming all the details of the Acts passed by the Council and by the Member States' representatives on 22 March 1971 and 21 March 1972.

The required decisions will have to be taken during 1973 to allow transition to the second stage of the Economic and Monetary Union on 1 January 1974, in view of its complete realization by 31 December 1980 at the latest.

The Heads of State and Government reaffirmed the principle of parallel progress in the various fields of the Economic and Monetary Union.

2. They declared that fixed but adjustable parities between their currencies are an essential basis for achieving the Union and expressed their resolve to set up mutual defence and support mechanisms within the Community, which will allow the Member States to ensure that they are honoured.

They decided to set up officially a European Monetary Cooperation Fund before 1 April 1973. Based on the EEC Treaty, the Fund will be run by the Governors' Committee of the Central Banks within the overall guidelines of economic policy adopted by the Council of Ministers. In its early stage the Fund will function on the following basis:

- concertation between the Central Banks over the required shrinkage of fluctuation margins between their currencies;
- multilateralizing of positions arising from interventions in Community currencies and multilateralizing inter-Community rules;
- utilization for the above of a European monetary unit of account;
- administration of short-term monetary support between the Central Banks;
- the very short-term financing of the Agreement on shrinking the margins and short-term monetary support will be regrouped within the Fund through an updated mechanism. For this, the short-term monetary support will be adjusted technically without changing its basic character or the consultation procedures involved.

The competent Community agencies will have to submit reports:

- on short-term aid dealings by 30 September latest;
- on terms for progressive pooling of reserves by 31 December 1973.

3. The Heads of State and Government insisted on the need for closer coordination of Community economic policies and adopting more effective procedures for same.

In the present economic situation, they consider that the anti-inflation campaign and stabilization of prices must get priority. They officially briefed their authorized Ministers, when the enlarged Council meets on 30 and 31 October 1972, to take specific measures in the various areas ripe for effective and realistic short-term moves to attain these objectives, allowing for the different conditions in the countries of the enlarged Community.

4. The Heads of State and Government express their resolve that the Member States of the enlarged Community will contribute through a joint outlook in guiding the reform of the international monetary system towards the adoption of a lasting equitable order.

They consider that the system should be based on the following principles:

- fixed but adjustable parities;
- an overall convertibility of currencies;
- an effective international regulation of world liquidity supply;
- curtailing the role of national currencies as reserve resources;
- an equitable and effective adjustment process;
- equality of rights and obligations for all under the system;
- the need to reduce the unbalancing effects of short-term capital movements;
- consideration of the developing countries' interest.

Such a system would be completely suitable for achieving Economic and Monetary Union.

Regional policy

5. The Heads of State and Government give top priority to correcting the structural and regional imbalances in the Community which could hinder the achievement of the Economic and Monetary Union.

The Heads of State and Government invite the Commission to prepare as soon as possible a report analysing the regional problems of the enlarged Community and offering suitable proposals.

They henceforth commit themselves to coordinate their regional policies. Desiring to apply their efforts to a Community solution of regional problems, they ask the Community Institutions to set up a Regional Development Fund to be operative by 31 December 1973. From the start of the second stage of the Economic and Monetary Union this Fund will be backed by the Community's own resources. Its interventions, coordinated with national aid will help, alongside the creation of the Economic and Monetary Union, to correct the major regional imbalances in the enlarged Community and especially those arising from a predominance of agriculture, industrial changes and structural underemployment.

Social policy

6. The Heads of State and Government emphasized that vigorous action in the social sphere is to them just as important as achieving Economic and Monetary Union. They consider it absolutely necessary to secure an increasing share by both sides of industry in the Community's economic and social decisions. They ask the Institutions after consulting both sides of industry to draw up an action programme before 1 January 1974 providing practical measures and the means for them, within the scope of the Social Fund, based on suggestions put forward by the Heads of Government and the Commission during the Conference.

The programme must implement a coordinated policy for employment and vocational training, to improve working and living conditions, secure the collaboration of workers in the function of undertakings, facilitate - according to the conditions in each country - the conclusion of collective European agreements in appropriate areas and strengthen and coordinate action for protecting the consumer.

Industrial, scientific and technological policy

7. The Heads of State and Government felt there was a need to try and provide a uniform foundation for industry throughout the Community.

This entails the removal of technical barriers to trade and elimination, especially in the field of taxation and law, of obstacles hindering alignment and concentration among undertakings, swift adoption of a statute for the European company, the progressive and effective opening up of public contracts, the promotion on the European scale of competitive undertakings in advanced technology, the adaptation and redevelopment, under socially acceptable conditions, of industrial branches in difficulty, the preparation of provisions to guarantee that concentrations affecting undertakings established in the Community are compatible with the Community's socio-economic goals, and fair competition under the Treaty provisions both within the Common Market and on the outside markets.

Objectives should be defined and the development of a common scientific and technological policy ensured. This policy implies coordination of national policies within the Community Institutions and the joint carrying out of action in the Community interest.

To this end, an action programme with a precise schedule backed by appropriate means should be drawn up by the Community Institutions before 1 January 1974.

The environment

8. The Heads of State and Government stressed the value of a Community environment policy. They are therefore requesting the Community Institutions to draw up an action programme with a precise schedule before 31 July 1973.

Energy

9. The Heads of State and Government feel there is a need for the Community Institutions to work out as soon as possible an energy policy which ensures a reliable and lasting supply on economically satisfactory terms.

External relations

10. The Heads of State and Government affirm that their efforts to construct their Community will only take in their full meaning to the extent that the Member States succeed in acting together to meet Europe's growing responsibilities in the world.
11. The Heads of State and Government are convinced that without vitiating the advantages enjoyed by the countries with whom it has special relationships, the Community must respond more than ever before to the expectations of all the developing countries.

From this angle the Community puts great value on the Association policy as confirmed by the Accession Treaty and on honouring its commitments towards the Mediterranean countries with whom agreements have been or are to be made, agreements which require an overall and balanced handling.

Likewise, remembering the outcome of the UNCTAD conference and within the scope of the development strategy adopted by the United Nations, the Community Institutions are asked to activate an overall policy of cooperation in development on a world scale and including the following aims:

- to promote in suitable cases agreements on commodities from the developing countries in order to stabilize markets and boost their exports;

- to improve the generalized preferences with the target of steady growth in imports of manufactured products from the developing countries.

Here the Community Institutions will study from early 1973 terms enabling the target of substantial growth to be achieved.

- to increase the volume of public financial aid;
- to improve the financial terms for this aid, especially for the benefit of the most underfavoured developing countries, with reference to the recommendations of the OECD Development Aid Committee.

These questions will be the subject of studies and decisions through 1973.

12. Concerning the industrial countries, the Community is determined that to ensure a harmonious development of world trade it will:

- contribute, while respecting the Community assets, to the progressive decontrol of international trade based on reciprocity and aimed at tariff and non-tariff barriers;
- carry on constructive dialogue with the USA, Japan, Canada and the other commercial industrialized partners with an open mind and exploiting appropriate vehicles.

In this context, the Community regards as crucial the multilateral negotiations within GATT in which it will share as declared previously.

The Community Institutions are therefore asked to define an overall concept by 31 July 1973 at the latest.

The Community hopes that an effort by all the partners will allow the negotiations to be concluded in 1975.

The Community confirms its wish that the developing countries fully share in preparing for these negotiations which must consider the interests of these countries.

In view of the Agreements made with the EFTA countries not applying for Membership, the Community declares itself ready to seek a swift solution with Norway to the trade problems which she is facing in her relations with the enlarged Community.

13. In order to promote the détente in Europe, the Community reaffirms its resolve to follow a trade policy towards the Eastern countries from 1 January 1973. The Member States are prepared to promote a policy of cooperation with these countries based on reciprocity.

This cooperation policy is presently closely tied to preparations for the Conference on European Security and Cooperation, where the Community and Member States are asked to make a concerted and constructive contribution.

Political cooperation

14. The Heads of State and Government consider that political cooperation between Member States in the area of foreign policy has got off to a good start and should be further improved. They agreed that consultation would be intensified at all levels and that the Foreign Ministers would henceforth meet four times instead of twice a year. They considered that the goal of this cooperation was to deal with current questions and as far as possible to work out joint medium and long-term positions bearing in mind the implications and effects in the field of international policy of Community policies in preparation. For affairs which impinge on Community activity close contact will be kept with the Community Institutions. They agreed that the Foreign Ministers would compile by 30 June 1973 a second report on methods for improving political cooperation as had been anticipated in the Luxembourg Report.

Strengthening the Institutions

15. The Heads of State and Government found that the Community Institutions were proving themselves but considered that the decision procedures and the running of the Institutions ought to be improved to boost their efficiency.

The Institutions and if need be the Government Representatives of Member States are asked to adopt, before the end of the first stage of the Economic and Monetary Union, measures based on the Report to be submitted by the Commission before 1 May 1973 under the resolution of 22 March 1971, concerning the distribution of authority and responsibilities between the Community Institutions and the Member States which are needed for the smooth running of the Economic and Monetary Union.

The Heads of Government also thought it desirable to standardize the dates on which the national Councils of Ministers meet in order to let the Council of the Community organize its schedules more regularly.

Wishing to strengthen the supervisory powers of the European Parliament, apart from when under Article 138 of the Rome Treaty it will be elected by universal suffrage, and in wanting to improve the terms of its function, the Heads of Government confirm the Decision of 22 April 1970 by the Council of the Community. They ask the Council and the Commission to implement promptly the practical measures to strengthen Parliament and improve the relations of both the Council and Commission with the Parliamentary Assembly.

Before 30 June 1973 the Council will take practical measures to improve its decision procedures and the consistency of Community action.

The Heads of Government asked the Community Institutions to accord the Economic and Social Committee the right to issue from now on opinions on its own initiative concerning all questions affecting the Community's work.

They agreed that in order to accomplish the tasks laid out in the different action programmes, it was advisable to use as widely as possible all the provisions of the Treaties including Article 235 of the EEC Treaty.

European Union

16. The Heads of States and Government have assigned themselves the key objective of converting, before the end of this decade and in absolute conformity with the signed Treaties, all the relationships between Member States into a European Union. They are therefore asking the Community Institutions to prepare before the end of 1975 a report to be submitted to a further Summit Conference.

Conference of the Heads of State or of Government of the Member States of the EEC

Copenhagen, 14 and 15 December 1973

Communiqué

The Heads of State or Government of the Member States of the European Community met in Copenhagen on 14 and 15 December 1973 at the invitation of the Prime Minister of Denmark. The President of the Commission participated actively in their work on Community questions. They agreed as follows:

1. The nine countries affirm their common will that Europe should speak with one voice in important world affairs. They adopted the Declaration on the European Identity, which defines, with the dynamic nature of the Community in mind, the principles which are to underlie their action.
2. They decided to speed up the work required to define the European Union which they had set themselves as their major objective at the Paris Summit. They asked the Presidency to make the necessary proposals without delay.
3. They decided to meet more frequently. These meetings will be held whenever justified by the circumstances and when it appears necessary to provide a stimulus or to lay down further guidelines for the construction of a united Europe. They also agreed to meet whenever the international situation so requires.

It will be for the country providing the President to convene these meetings and to make detailed proposals concerning their preparation and organization.

The Heads of State or Government attach the greatest importance to the Institutions of the Community playing their full role and to the necessary decisions being taken there in good time.

4. It was agreed that the Foreign Ministers of the Member States should, at their next meeting, decide on the means by which a common position should be worked out quickly in times of crisis. The development of political cooperation will

also enable them to make joint assessments of crisis situations, with the aim of foreseeing them and of taking the measures needed to deal with them.

5. They confirmed their support for the policy of international détente which respects the independence and security of each State and the rules laid down in the Charter of the United Nations for the prevention and settlement of conflicts.

They agreed that the growing unity of the Nine would strengthen the West as a whole and will be beneficial for the relationship between Europe and the United States.

6. The Heads of State or Government welcome the convening of a peace conference in Geneva and call on the participants to make every effort to achieve a just and lasting settlement at an early date. The nine Governments are ready to assist in the search for peace and in the guaranteeing of a settlement. They will inform the Secretary General of the UN thereof.

The Heads of State or Government reaffirmed the united stand of their Governments on the Middle East question embodied in the declaration issued on 6 November. Recent events have strengthened them in their view that the security of all states in the area, whether it be Israel or her Arab neighbours, can only be based on the full implementation of Security Council Resolution 242 in all its parts taking into account also the legitimate rights of the Palestinians.

The Heads of State or Governments are convinced that the requirements of sovereignty and the requirements of security can be met by the conclusion of peace agreements including among other arrangements international guarantees and the establishment of demilitarized zones.

7. As regards the European Communities, the Heads of State or Government reaffirmed the importance they attach to what the Community has already achieved and their will to see it develop. After examining the progress already made in implementing earlier decisions they agreed:

- to invite the Community Institutions to take measures to achieve more rapid progress towards the full establishment of Economic and Monetary Union building on the decisions already taken;
- to seek actively the definition of a common position on reform of the international money situation, to increase the instruments at the disposal of the European Monetary Cooperation Fund and to strengthen the coordination of their action to deal with de-stabilizing capital movements, in order to create an area of stability in Europe;
- the Heads of State or Government agreed that the Regional Development Fund should be established on 1 January 1974. As an expression of their positive attitude to the establishment of the Fund, they agreed to recommend to their Foreign Ministers that the Council of the European Communities at its next

session shall take the necessary decisions concerning the size and the distribution of the Fund and the criteria for the Fund's operations;

- to implement a social action programme having as its aims the achievement of full and better employment in the Community, the improvement of living and working conditions in a way which makes possible their harmonization while the improvement is being maintained, and growing participation by the social partners in the Community's economic and social decisions and by workers in the activities of enterprises;
 - to make the functioning of the Community's Institutions more effective by improving cooperation between the Council, the Commission and the Parliament, by a more rapid procedure for the settlement of questions submitted to the Community authorities and by reinforcing its financial control, involving inter alia the establishment of an independent Community Audit Board and the strengthening of the role of the European Parliament in budgetary matters;
 - that the Foreign Ministers at the next session of the Council of the European Communities find a solution to enable the Faroe Islands to postpone their decision concerning membership of the European Communities until the result of the Conference on the Law of the Sea is known;
 - the Heads of State or Government, mindful of the importance they attach to problems arising from international trade in primary products and raw materials, asked the Commission to prepare a detailed study and to put proposals to the Council;
 - to develop more actively between them a common policy on industrial, scientific and technological cooperation in all fields.
8. The Heads of State or Government have considered the question of energy in a separate paper, attached to this declaration.
9. The Heads of State or Government are convinced that a united Europe will be able to play a role consonant with its history and its abilities in the service of economic and social progress in the Community, of the growth and industrialization of developing countries and of peace between all nations.

ANNEX

Energy

The Heads of State or Government considered that the situation produced by the energy crisis is a threat to the world economy as a whole, affecting not only developed but also developing countries. A prolonged scarcity of energy resources would have grave effects on production, employment and balances of payment within the Community.

The Heads of State or Government therefore agreed on the necessity for the Community of taking immediate and effective action along the following lines.

The Council should adopt at its session of 17 and 18 December 1973, the Community instruments which will enable the Commission to establish by 15 January 1974, comprehensive energy balance sheets covering all relevant aspects of the energy situation in the Community.

The Commission should on this basis proceed to examine all present or foreseeable repercussions of the energy supply situation on production, employment, prices and balances of payments, as well as on the development of monetary reserves.

The Heads of State or Government ask the Commission to present by 31 January 1974, proposals on which the Council will be invited to decide as quickly as possible and in principle before 28 February 1974, to ensure the orderly functioning of the common market for energy.

In this context the Commission is asked to submit to the Council as quickly as possible for rapid decision proposals aimed at resolving in a concerted manner the problems raised by the developing energy crisis.

For the same reasons they asked the Council to adopt provisions to ensure that all Member States introduce on a concerted and equitable basis measures to limit energy consumption.

With a view to securing the energy supplies of the Community the Council will adopt a comprehensive Community programme on alternative sources of energy. This programme will be designed to promote a diversification of supplies by developing existing resources, accelerating research in new sources of energy and creating new capacities of production notably a European capacity for enrichment of uranium, seeking the concerted harmonious development of existing projects.

The Heads of State or Government confirmed the importance of entering into negotiations with oil-producing countries on comprehensive arrangements comprising cooperation on a wide scale for the economic and industrial development of these countries, industrial investments, and stable energy supplies to the member countries at reasonable prices.

They furthermore considered it useful to study with other oil-consuming countries within the framework of the OECD ways of dealing with the common short- and long-term energy problems of consumer countries.

The Council should establish at its session of 17 to 18 December 1973 an Energy Committee of senior officials responsible for implementing the energy policy measures adopted by the Council.

Declaration on the European identity

The nine Member States of the European Communities have decided that the time has come to draw up a document on the European identity. This will enable them to achieve a better definition of their relations with other countries and of their responsibilities and the place which they oc-

copy in world affairs. They have decided to define the European identity with the dynamic nature of the Community in mind. They have the intention of carrying the work further in the future in the light of the progress made in the construction of a united Europe.

Defining the European identity involves:

- reviewing the common heritage, interests and special obligations of the Nine, as well as the degree of unity so far achieved within the Community,
- assessing the extent to which the Nine are already acting together in relation to the rest of the world and the responsibilities which result from this,
- taking into consideration the dynamic nature of European unification.

I. The unity of the nine Member States of the Community

1. The nine European States might have been pushed towards disunity by their history and by selfishly defending misjudged interests. But they have overcome their past enmities and have decided that unity is a basic European necessity to ensure the survival of the civilization which they have in common.

The Nine wish to ensure that the cherished values of their legal, political and moral order are respected, and to preserve the rich variety of their national cultures. Sharing as they do the same attitudes to life, based on a determination to build a society which measures up to the needs of the individual, they are determined to defend the principles of representative democracy, of the rule of law, of social justice - which is the ultimate goal of economic progress - and of respect for human rights. All of these are fundamental elements of the European identity. The Nine believe that this enterprise corresponds to the deepest aspirations of their peoples who should participate in its realization, particularly through their elected representatives.

2. The Nine have the political will to succeed in the construction of a united Europe. On the basis of the Treaties of Paris and Rome setting up the European Communities and of subsequent decisions, they have created a common market, based on a customs union, and have established institutions, common policies and machinery for cooperation. All these are an essential part of the European identity. The Nine are determined to safeguard the elements which make up the unity they have achieved so far and the fundamental objectives laid down for future development at the Summit Conferences in The Hague and Paris. On the basis of the Luxembourg and Copenhagen reports, the nine Governments have established a system of political cooperation with a view to determining common attitudes and, where possible and desirable, common action. They propose to develop this further. In accordance with the decision taken at the Paris conference, the Nine reaffirm their intention of transforming the whole complex of their relations into a European Union before the end of the present decade.

3. The diversity of cultures within the framework of a common European civilization, the attachment to common values and principles, the increasing convergence of attitudes to life, the awareness of having specific interests in common and the determination to take part in the construction of a united Europe, all give the European identity its originality and its own dynamism.
4. The construction of a united Europe, which the Nine member countries of the Community are undertaking, is open to other European nations who share the same ideals and objectives.
5. The European countries have, in the course of their history, developed close ties with many other parts of the world. These relationships, which will continue to evolve, constitute an assurance of progress and international equilibrium.
6. Although in the past the European countries were individually able to play a major role on the international scene, present international problems are difficult for any of the Nine to solve alone. International developments and the growing concentration of power and responsibility in the hands of a very small number of great powers mean that Europe must unite and speak increasingly with a single voice if it wants to make itself heard and play its proper role in the world.
7. The Community, the world's largest trading group, could not be a closed economic entity. It has close links with the rest of the world as regards its supplies and market outlets. For this reason the Community, while remaining in control of its own trading policies, intends to exert a positive influence on world economic relations with a view to the greater well-being of all.
8. The Nine, one of whose essential aims is to maintain peace, will never succeed in doing so if they neglect their own security. Those of them who are members of the Atlantic Alliance consider that in present circumstances there is no alternative to the security provided by the nuclear weapons of the United States and by the presence of North American forces in Europe; and they agree that in the light of the relative military vulnerability of Europe, the Europeans should, if they wish to preserve their independence, hold to their commitments and make constant efforts to ensure that they have adequate means of defence at their disposal.

II. The European identity in relation to the world

9. The Europe of the Nine is aware that, as it unites, it takes on new international obligations. European unification is not directed against anyone, nor is it inspired by a desire for power. On the contrary, the Nine are convinced that their union will benefit the whole international community since it will constitute an element of equilibrium and a basis for cooperation with all countries, whatever their size, culture or social system. The Nine intend to play an active role in world affairs and thus to contribute, in accordance with the purposes and principles of the United Nations Charter, to ensuring that international relations have a more just basis; that the independence and equality of states are better preser-

ved; that prosperity is more equitably shared; and that the security of each country is more effectively guaranteed. In pursuit of these objectives the Nine should progressively define common positions in the sphere of foreign policy.

10. As the Community progresses towards a common policy in relation to third countries, it will act in accordance with the following principles:
 - (a) The Nine, acting as a single entity, will strive to promote harmonious and constructive relations with these countries. This should not however jeopardize, hold back or affect the will of the Nine to progress towards European Union within the time limits laid down.
 - (b) In future, when the Nine negotiate collectively with other countries, the institutions and procedures chosen should enable the distinct character of the European entity to be respected.
 - (c) In bilateral contacts with other countries, the Member States of the Community will increasingly act on the basis of agreed common positions.
11. The Nine intend to strengthen their links, in the present institutional framework, with the member countries of the Council of Europe, and with other European countries with whom they already have friendly relations and close cooperation.
12. The Nine attach essential importance to the Community's policy of association. Without diminishing the advantages enjoyed by the countries with which it has special relations, the Community intends progressively to put into operation a policy for development aid on a world-wide scale in accordance with the principles and aims set out in the Paris Summit declaration.
13. The Community will implement its undertakings towards the Mediterranean and African countries in order to reinforce its long-standing links with these countries. The Nine intend to preserve their historic links with the countries of the Middle East and to cooperate over the establishment and maintenance of peace, stability and progress in the region.
14. The close ties between the United States and Europe of the Nine - who share values and aspirations based on a common heritage - are mutually beneficial and must be preserved. These ties do not conflict with the determination of the Nine to establish themselves as a distinct and original entity. The Nine intend to maintain their constructive dialogue and to develop their cooperation with the United States on the basis of equality and in a spirit of friendship.
15. The Nine also remain determined to engage in close cooperation and to pursue a constructive dialogue with the other industrialized countries, such as Japan and Canada, which have an essential role in maintaining an open and balanced world economic system. They appreciate the existing fruitful cooperation with these countries, particularly in the OECD.

16. The Nine have contributed, both individually and collectively, to the first results of a policy of détente and cooperation with the USSR and the East European countries. They are determined to carry this policy further forward on a reciprocal basis.
17. Conscious of the major role played by China in international affairs, the Nine intend to intensify their relations with the Chinese Government and to promote exchanges in various fields as well as contacts between European and Chinese leaders.
18. The Nine are also aware of the important role played by other Asian countries. They are determined to develop their relations with these countries, as is demonstrated as far as commercial relations are concerned by the declaration of intent made by the Community at the time of its enlargement.
19. The Nine are traditionally bound to the Latin American countries by friendly links and many other contacts; they intend to develop these. In this context they attach great importance to the agreements concluded between the European Community and certain Latin American countries.
20. There can be no real peace if the developed countries do not pay more heed to the less favoured nations. Convinced of this fact, and conscious of their responsibilities and particular obligations, the Nine attach very great importance to the struggle against underdevelopment. They are, therefore, resolved to intensify their efforts in the fields of trade and development aid and to strengthen international cooperation to these ends.
21. The Nine will participate in international negotiations in an outward-looking spirit, while preserving the fundamental elements of their unity and their basic aims. They are also resolved to contribute to international progress, both through their relations with third countries and by adopting common positions wherever possible in international organizations, notably the United Nations and the specialized agencies.

III. The dynamic nature of the construction of a United Europe

22. The European identity will evolve as a function of the dynamic of the construction of a united Europe. In their external relations, the Nine propose progressively to undertake the definition of their identity in relation to other countries or groups of countries. They believe that in so doing they will strengthen their own cohesion and contribute to the framing of a genuinely European foreign policy. They are convinced that building up this policy will help them to tackle with confidence and realism further stages in the construction of a united Europe, thus making easier the proposed transformation of the whole complex of their relations into a European Union.

Conference of the Heads of State or of Government of the Member States of the EEC

Paris, 9 and 10 December 1974

Communiqué

1. The Heads of Government of the nine States of the Community, the Ministers of Foreign Affairs and the President of the Commission, meeting in Paris at the invitation of the French President, examined the various problems confronting Europe. They took note of the reports drawn up by the Ministers of Foreign Affairs and recorded the agreement reached by these Ministers on various points raised in the reports.
2. Recognizing the need for an overall approach to the internal problems involved in achieving European unity and the external problems facing Europe, the Heads of Government consider it essential to ensure progress and overall consistency in the activities of the Communities and in the work on political cooperation.
3. The Heads of Government have therefore decided to meet, accompanied by the Ministers of Foreign Affairs, three times a year and, whenever necessary, in the Council of the Communities and in the context of political cooperation.

The administrative secretariat will be provided for in an appropriate manner with due regard for existing practices and procedures.

In order to ensure consistency in Community activities and continuity of work, the Ministers of Foreign Affairs, meeting in the Council of the Community, will act as initiators and coordinators. They may hold political cooperation meetings at the same time.

These arrangements do not in any way affect the rules and procedures laid down in the Treaties or the provisions on political cooperation in the Luxembourg and Copenhagen reports. At the various meetings referred to in the preceding paragraphs the Commission will exercise the powers vested in it and play the part assigned to it by the above texts.

4. With a view to progress towards European unity, the Heads of Government reaffirm their determination gradually to adopt common positions and coordinate their diplomatic action in all areas of international affairs which affect the interests of the European Community. The President-in-Office will be the spokesman for the Nine and will set out their views in international diplomacy. He will ensure that the necessary concertation always takes place in good time.

In view of the increasing role of political cooperation in the construction of Europe, the European Assembly must be more closely associated with the work of the Presidency, for example through replies to questions on political cooperation put to him by its Members.

5. The Heads of Government consider it necessary to increase the solidarity of the Nine both by improving Community procedures and by developing new common policies in areas to be decided on and granting the necessary powers to the Institutions.
6. In order to improve the functioning of the Council of the Community, they consider that it is necessary to renounce the practice which consists of making agreement on all questions conditional on the unanimous consent of the Member States, whatever their respective positions may be regarding the conclusions reached in Luxembourg on 28 January 1966.
7. Greater latitude will be given to the Permanent Representatives so that only the most important political problems need be discussed in the Council. To this end, each Member State will take the measures it considers necessary to strengthen the role of the Permanent Representatives and involve them in preparing the national positions on European affairs.
8. Moreover, they agree on the advantage of making use of the provisions of the Treaty of Rome whereby the powers of implementation and management arising out of Community rules may be conferred on the Commission.
9. Cooperation between the Nine in areas outside the scope of the Treaty will be continued where it has already begun. It should be extended to other areas by bringing together the representatives of the Governments, meeting within the Council whenever possible.
10. A working party will be set up to study the possibility of establishing a passport union and, in anticipation of this, the introduction of a uniform passport.

If possible, this draft should be submitted to the Governments of the Member States before 31 December 1976. It will, in particular, provide for stage-by-stage harmonization of legislation affecting aliens and for the abolition of passport control within the Community.

11. Another working party will be instructed to study the conditions and the timing under which the citizens of the nine Member States could be given special rights as members of the Community.

12. The Heads of Government note that the election of the European Assembly by universal suffrage, one of the objectives laid down in the Treaty, should be achieved as soon as possible. In this connection, they await with interest the proposals of the European Assembly, on which they wish the Council to act in 1976. On this assumption, elections by direct universal suffrage could take place at any time in or after 1978.

Since the European Assembly is composed of representatives of the peoples of the States united within the Community, each people must be represented in an appropriate manner.

The European Assembly will be associated with the achievement of European unity. The Heads of Government will not fail to take into consideration the points of view which, in October 1972, they asked it to express on this subject.

The competence of the European Assembly will be extended, in particular by granting it certain powers in the Communities' legislative process.

Statement by the United Kingdom delegation

The Prime Minister of the United Kingdom explained that Her Majesty's Government did not wish to prevent the Governments of the other eight Member States from making progress with the election of the European Assembly by universal suffrage. Her Majesty's Government could not themselves take up a position on the proposal before the process of renegotiation had been completed and the results of renegotiation submitted to the British people.

Statement by the Danish delegation

The Danish delegation is unable at this stage to commit itself to introducing elections by universal suffrage in 1978.

13. The Heads of Government note that the process of transforming the whole complex of relations between the Member States, in accordance with the decision taken in Paris in October 1972, has already started. They are determined to make further progress in this direction.

In this connection, they consider that the time has come for the Nine to agree as soon as possible on an overall concept of European Union. Consequently, in accordance with the requests made by the Paris meeting of Heads of Government in October 1972, they confirm the importance which they attach to the reports to be made by the Community Institutions. They request the European Assembly, the Commission and the Court of Justice to bring the submission of their reports forward to before the end of June 1975. They agreed to invite Mr Tindemans, Prime Minister of the Kingdom of Belgium, to submit a comprehensive report to the Heads of Government before the end of 1975, on the basis of the reports received from the Institutions and of consultations which he is to

have with the Governments and with a wide range of public opinion in the Community.

Economic and Monetary Union

14. The Heads of Government, having noted that internal and international difficulties have prevented in 1973 and 1974 the accomplishment of expected progress on the road to EMU, affirm that in this field their will has not weakened and that their objective has not changed since the Paris conference.

Convergence of economic policies

15. The Heads of Government discussed the economic situation in the world and in the Community.
16. They noted that the increase in prices is adding to inflationary tendencies and balance of payments deficits and intensifying the threat of general recession. The resulting alterations in the terms of trade are forcing the Member States to redirect their production structures.
17. The Heads of Government reaffirm that the aim of their economic policy continues to be to combat inflation and maintain employment. The cooperation of both sides of industry will be essential if this policy is to succeed. They emphasize that in the present circumstances high priority must be given to economic revival in conditions of stability, i.e. action aimed both at preventing a general economic recession and restoring stability. This must not involve any recourse to protectionist measures which by setting up a chain reaction could jeopardize economic revival.

Member States which have a balance of payments surplus must implement an economic policy of stimulating domestic demand and maintaining a high level of employment, without creating new inflationary conditions. Such an attitude would make it easier for countries which have considerable balance of payments deficits to follow a policy which will ensure a satisfactory level of employment, stabilization of costs and an improvement in their external trade balance without resorting to protectionist measures.

18. In the context of the effort to be made by countries having a surplus, the Heads of Government greet the economic policy measures already adopted by the Netherlands Government as a step in the right direction. They also note with satisfaction the short-term economic programme which the Government of the Federal Republic of Germany intends to follow, particularly as regards stimulating public and private investment, and the fact that the Belgian Government intends to follow suit.

They also express satisfaction at the efforts made by the countries having a balance of payments deficit to maintain their competitive position so as to

achieve a more satisfactory balance of payments and to improve the level of employment.

19. While acknowledging the special situation of each of the Member States of the Community - which makes a uniform policy inappropriate - the Heads of Government stress that it is absolutely necessary to agree on the policies to be adopted. This convergence will be meaningful only if it works towards Community solidarity and is based on effective permanent consultation machinery. The Ministers for Economic Affairs and Finance will be responsible, within the framework of Community procedures, for implementing these guidelines.
20. It is obvious that all these policies will be really effective only in so far as the world's major industrialized countries succeed in arresting incipient recessionary tendencies.

In this connection, they note with satisfaction the account given by the Chancellor of the Federal Republic of Germany of his talks with the President of the United States.

They desire that, at his forthcoming meeting with President Ford, the President of the French Republic should, on behalf of the Community, stress the importance of convergence between the economic policies of all industrialized countries along the lines indicated above.

They also wish the Community and its Member States to do the same during the forthcoming international consultations and in the appropriate internal bodies.

21. The Community will continue to contribute to the harmonious expansion of world trade, especially in relation to developing countries, and in order to do so will take a constructive part in the GATT trade negotiations which it hopes to see actively continued in the near future.

Regional policy

22. The Heads of Government have decided that the European Regional Development Fund, designed to correct the principal regional imbalances in the Community resulting notably from agricultural predominance, industrial change and structural under-employment will be put into operation by the Institutions of the Community with effect from 1 January 1975.
23. The Fund will be endowed with 300 million u.a. in 1975, with 500 million u.a. for each of the years 1976 and 1977, i.e. 1 300 million u.a.
24. This total sum of 1 300 million u.a. will be financed up to a level of 150 million u.a. by credits not presently utilized from the EAGGF (Guidance Section).

The resources of the Fund will be divided along the lines envisaged by the Commission:

Belgium:	1,5%
Denmark:	1,3%
France:	15%
Ireland:	6%
Italy:	40%
Luxembourg:	0,1%
Netherlands:	1,7%
Federal Republic of Germany:	6,4%
United Kingdom:	28%

Ireland will in addition be given another 6 million u.a. which will come from a reduction in the shares of the other Member States with the exception of Italy.

Employment problems

25. The effort needed to combat inflation and the risks of recession and unemployment as described above must accord with the imperatives of a progressive and equitable social policy if it is to receive support and cooperation from both sides of industry, both at national and Community level.

In this respect, the Heads of Government emphasize that the Economic and Social Committee can play an important role in associating both sides of industry in the definition of the Community's economic and social aims.

Above all, vigorous and coordinated action must be taken at Community level to deal with the problem of employment. This will require the Member States, in conjunction with the organizations concerned, to coordinate their employment policies in an appropriate manner and to set priority targets.

26. When the time is ripe, the Council of the Community will consider, in the light of experience and with due regard to the problem of the regions and categories of workers most affected by employment difficulties, whether and to what extent it will be necessary to increase the resources of the Social Fund.

27. Being convinced that in this period of economic difficulty special emphasis should be placed on social measures, the Heads of Government reaffirm the importance which they attach to implementation of the measures listed in the social action programme approved by the Council in its resolution of 21 January 1974.
28. The Heads of Government make it their objective to harmonize the degree of social security afforded by the various Member States, while maintaining progress but without requiring that the social systems obtaining in all Member States should be identical.

Energy

29. The Heads of Government discussed the energy problem and in this connection the related major financial problems created for the Community and for the wider world.
30. They further noted that the Ministers of Energy of the Community countries are due to meet on 17 December.
31. The Heads of Government, aware of the paramount importance which the energy problem has in the world economy, have discussed the possibilities for cooperation between oil-exporting and oil-importing countries, on which subject they heard a report from the Federal Chancellor.
32. The Heads of Government attach very great importance to the forthcoming meeting between the President of the United States and the President of the French Republic.
33. The Heads of Government, referring to the Council resolution of 17 September 1974, have invited the Community institutions to work out and to implement a common energy policy in the shortest possible time.

Britain's membership of the Community

34. The Prime Minister of the United Kingdom indicated the basis on which Her Majesty's Government approached the negotiations regarding Britain's continued membership of the Community, and set out the particular issues to which the Government attached the highest importance.
35. The Heads of Government recall the statement made during the accession negotiations by the Community to the effect that 'if unacceptable situations were to arise, the very life of the Community would make it imperative for the Institutions to find equitable solutions'.
36. They confirm that the system of 'own resources' represents one of the fundamental elements of the economic integration of the Community.

37. They invite the Institutions of the Community (the Council and the Commission) to set up as soon as possible a correcting mechanism of a general application which, in the framework of the system of 'own resources' and in harmony with its normal functioning, based on objective criteria and taking into consideration in particular the suggestions made to this effect by the British Government, could prevent during the period of convergence of the economies of the Member States, the possible development of situations unacceptable for a Member State and incompatible with the smooth working of the Community.

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CONCLUSIONS OF THE
SESSIONS OF THE
EUROPEAN COUNCIL

(1975 - 1990)

Session of the European Council

Dublin, 10 and 11 March 1975

Conclusions

In accordance with the decision at their Paris meeting in December 1974, the Heads of Government of the Member States of the Community met for the first time as the European Council.

Budgetary correcting mechanism

The Heads of Government meeting in Council agreed on the correcting mechanism described in the Commission communication entitled "Unacceptable situation and correcting mechanism", subject to the following provisions:

1. The criterion concerning the balance of payments deficit and the two-thirds ceiling are dropped.
2. The following provisions will be incorporated into the agreed mechanism:
 - (a) The correcting mechanism shall be subject to a ceiling of 250 million u.a. However, as soon as the amount of the Community budget exceeds 8 000 million u.a., the ceiling shall be fixed at an amount representing 3% of total budget expenditure.
 - (b) When a moving average drawn up over three years indicates that the balance of payments on current account of the country in question is in surplus, the correction shall only affect any difference between the amount of its VAT payments and the figure which would result from its relative share in the Community GNP.

New Zealand

The Heads of Government, meeting in Council at Dublin on 10 March, underline the importance which they attach to Protocol 18 of the Act of Accession, as regards the relations of the Community with New Zealand, a traditional supplier of dairy products to a substantial part of the enlarged Community.

They invite the Commission to present a report in order to prepare the review provided for in Article 5 of the Protocol and to submit as soon as practicable a proposal for the maintenance after 31 December 1977 of special import arrangements as referred to in that Article. They observe that the institutions of the Community have already carried out certain price adjustments in the framework of the Protocol. In the same spirit, the Community, which remains attached to a fair implementation of the Protocol, is ready to review periodically and as necessary to adjust the prices having regard to the supply and demand developments in the major producing and consuming countries of the world, and also to the level and evolution of prices in the Community - including intervention prices - and in New Zealand, taking moreover into account cost developments in New Zealand and trends in freight charges.

As regards the annual quantities to be established by the Community institutions in the framework of the special arrangements after 1977, these should not deprive New Zealand of outlets which are essential for it. Thus for the period up to 1980, these annual quantities depending upon future market developments, could remain close to effective deliveries under Protocol 18 in 1974 and the quantities currently envisaged by New Zealand for 1975.

They note that Protocol 18 provides that the exceptional arrangements for the import of cheese cannot be maintained after 31 December 1977, and that this situation and the problems which may arise from it will be given due attention with appropriate urgency, taking into account also the considerations in the following paragraph.

The Heads of Government note, moreover, that New Zealand and the Community together provide the major part of world exports of dairy products. They, therefore, express the wish that, in the same spirit with which the Community approaches the application of Protocol 18, an ever closer cooperation be developed between the institutions of the Community and the New Zealand authorities with the objective of promoting in their mutual interest an orderly operation of world markets. Such cooperation, apart from its intrinsic value, should provide a basis from which to achieve, in a wider framework, the conclusion of an effective world agreement such as is envisaged in Protocol 18.

Conference on Security and Cooperation in Europe

The Heads of Government reaffirmed the will of the Nine to pursue and develop their policy of détente and cooperation in Europe.

They expressed the hope that this policy will encourage ever increasing understanding and trust among peoples, which is the basis for a genuine improvement of the political climate on the continent. This objective shall find particular expression in the development between States and peoples of relations in which an important part should be played by individuals.

In this context, the Conference on Security and Cooperation in Europe, and the implementation of its decisions, is destined to play an important part.

The Heads of Government expressed their satisfaction with the constructive role which, due to their concerted diplomacy and the common positions they have adopted, the Nine have been able to play in the course of this Conference, which is closely related to the interests of the European Community.

The Heads of Government examined the development of the work which is currently taking place in Geneva; they noted that substantial progress had already been made, but also that important points remained to be settled.

They pronounced themselves in favour of as rapid a conclusion as possible to this work. To this end, they intend to continue and intensify their efforts to seek, in an open and constructive spirit, positive solutions to the problems which are still under discussion or outstanding.

The Heads of Government wish that all participating States should, as they are themselves determined to do, make every effort necessary to obtain balanced and satisfactory results on all the subjects on the agenda. This would make it possible to envisage the conclusion of the Conference at an early date and at the highest level.

Energy policy

The Heads of Government, meeting in Council in Dublin, examined the problems connected with the International Energy Conference. They agreed that the Community should undertake intensive preparation for this Conference without delay. Preparation will involve listing the various problems, concerning both matters specifically relating to energy and directly connected questions concerning economics, finance and the developing countries, to be dealt with at the Conference and the preparatory meeting for it. Preparatory work will also attempt to define the joint responses to be made depending on the positions adopted by the other participants at the Conference.

The preparatory work will be carried out under the authority of the Council (Foreign Affairs) by a high-level ad hoc Committee composed of representatives of the Member States and the Commission. It will be based on the inventory, to be drawn up by the Commission, of problems to be dealt with at the Conference and the preparatory meeting, any proposals which the Commission submits to the Council on these problems and suggestions and requests made by the Member States.

The Council will take the appropriate decisions on this basis and in particular will determine the content of and arrangements for the dialogue to be conducted with the other consumer and producer countries.

The Council has agreed to meet at the level of Heads of Government in good time to prepare for the Conference.

Cyprus

The Heads of Government and Foreign Ministers, recalling the statement issued by the Foreign Ministers following their meeting in Dublin on 13 February, hope that in the context of the discussions currently being held at the United Nations in New York, there will be an early resumption of negotiations on the question of Cyprus. The Nine will of course continue to keep in close touch with developments as regards the situation in Cyprus.

World economic situation and the Community's economic and social situation

The Heads of Government meeting in Council discussed the world economic situation and the Community's social situation. They took note of a draft resolution presented by Mr Tindemans, the Belgian Prime Minister, and asked the Council of Ministers for Finance and Economy to consider it at their meeting of 18 March.

Raw materials and the developing countries

The Heads of Government discussed raw materials in general. They delegated the Council of Foreign Ministers to make it a priority to examine the problems of raw materials against the background of all relationships with the developing countries. These studies will be based mainly on recent Commission communications.

Statement on steel by the British Prime Minister

The Heads of Government heard a statement on steel by the British Prime Minister. The solution to the problem described in the statement was deferred to a later stage of Community activity.

Session of the European Council

Brussels, 16 and 17 July 1975

Conclusions

Election of the European Parliament by direct universal suffrage

Passport Union

Special rights of Member States' citizens

The European Council asked the Council of Foreign Ministers to examine the question of election to the European Parliament by direct universal suffrage, taking account of the draft worked out by Parliament and any points which might arise during the review, in order to present a report to the European Council on this issue by the end of the year.

The European Council instructed the Council of Foreign Ministers to advance the work on instituting a Passport Union and to prepare a report on the subject by the end of the year.

The European Council reiterated Point 11 of the Paris Communiqué of 9 and 10 December 1974, and instructed the Council of Foreign Ministers to study the question of according special rights to the citizens of the nine Member States as members of the Community, with a view to presenting a report at a subsequent meeting of the European Council.

Economic and monetary situation

The European Council confirmed the guidelines set out at the meeting of the Council of Ministers for Finance and Economy on 10 July, which are recapitulated in the Commission's summary paper. The Council of Ministers for Finance and Economy was instructed to keep a close watch on the trend of the economic situation and to strengthen the coordination of Member States' econo-

mic and financial policies. It noted that certain Member States intend to apply harmonized measures to avoid any further deterioration of the short-term economic situation in the autumn.

The European Council recognized that the current short-term economic problems must be tackled in collaboration with the other industrialized countries (in particular the United States and Japan) if there is to be any hope of an effective economic recovery, and it affirmed its resolve to work towards that goal.

The European Council instructed the Council of Ministers for Finance and Economy to maintain the effort to restore a more stable international monetary system. With this in mind, it reaffirmed the importance of close collaboration within the Community. It was pleased to note that the French franc had returned to the Community exchange system (the 'snake') and asked the Council of Ministers for Finance and Economy to study the matter of technical procedures for floating Community currencies.

Lastly, the European Council welcomed the idea of a tripartite Conference, as requested by the European Confederation of Trade Unions, which would be attended by the Ministers for Economic Affairs and the Ministers of Labour. The Commission was asked to put forward proposals in this direction.

Portugal

The European Council reaffirms that the European Community is prepared to initiate discussions on closer economic and financial cooperation with Portugal. It also points out that, in accordance with its historical and political traditions, the European Community can give support only to a democracy of a pluralist nature.

Relations with China

The European Council welcomed the decision by the Government of the People's Republic of China to establish official relations with the Community. It felt that China's decision opened the way to developing closer relations between China and Europe, on which the Heads of Government set much store.

Energy and raw materials

The European Council reached agreement in principle on calling a new preparatory meeting for the conference between the industrialized countries and developing countries. It was agreed that the basic questions of energy policy would be studied in detail at Community level and that every effort must be made to ensure a single representation at the ministerial conference. The various aspects of the raw materials problem were also discussed. The Community institutions were asked to follow up the preparation of a common stance in respect of raw materials and cooperation and development, for the forthcoming international meetings dealing with relations between the industrialized and developing countries.

Statement on the United Nations

The Heads of Government, having discussed the situation of the United Nations, which this year celebrates its 30th anniversary, and in consideration of the forthcoming regular and special meetings of the General Assembly, stress that the growing interdependence of countries and peoples multiplies the problems which must be solved at world level.

The Nine reiterate their confidence in the United Nations, the main institution of international cooperation. They affirm the need to strengthen the role and effectiveness of the United Nations, the universal and vital means of worldwide dialogue and cooperation.

The Nine will maintain and foster respect for the Charter, the rights of the member countries and the rules of procedure in force. This underlies the confidence of nations in the United Nations. Thus the Nine consider that any compromise of this principle would prevent the United Nations from playing the role which falls to it.

The Nine wish to contribute towards a more just basis for international relations, a better preserved independence and equality of States, a more fairly shared prosperity and more assurance of security for all (Document of 14 December 1973). They are convinced that their union will be of benefit to the whole international community and that particularly within the United Nations it will be a stabilizing factor for balance and a focus of cooperation.

In this spirit, the Nine signal their resolve to clear their concertation of all obstacles, so that the Community may come out with all the weight of its responsibilities in the direction of conciliation and dialogue, and consequently, a strengthening of the United Nations. They will endeavour to act in such a way that the United Nations will attain its objectives, especially in the preservation of peace, the peaceful settlement of disputes and conflict, the promotion of social and economic progress and the preservation of human rights, and in the field of humanitarian action.

Moved by a common resolve for dialogue, the Community and its Member States will offer the international community, in the appropriate areas, proposals for action on a well-balanced series of themes which meet the major concerns of the developing countries, especially in respect of raw materials and development and cooperation. Special consideration will be given to the problems of the poorest countries.

Regarding the special meeting of the General Assembly on development and international economic cooperation, the goal of the Community and its Member States is to achieve real progress towards a better balanced and more equitable structure of international economic relations, which involves strengthening the position of the developing countries.

In affirming the identity of the Community, the Nine confirm their resolve to play an active constructive role within the United Nations with the aim of developing avenues of the broadest possible cooperation.

Statement on the CSCE

1. Viewing the final stage of the Conference on Security and Cooperation in Europe, the European Council is glad to find that after two years of negotiation, thirty-five countries of Europe and North America have succeeded in defining the guidelines for their future relations.
2. The Conference was marked by the concerted contribution made by the member countries of the community, in accordance with the intention expressed by their Heads of Government meeting in Paris on 22 October 1972, just before the consultations opened in Helsinki. The Helsinki and Geneva negotiations afforded the Nine the opportunity to take up a common task which became a shining example of constructive cooperation; they also showed that the process of growing unity in which the Community countries embarked, fully aware of their responsibilities to history, has now reached the stage of maturation.
3. The convening of the Conference was possible as a result of the improved relations between the States of Europe, deriving from the quadripartite Agreement on Berlin and the Treaty between the two States of Germany. Nevertheless, this improvement has not eliminated the differences between the ideologies and the political, economic and social systems. These emerged in the discussions of the Conference and in certain instances, particularly on those issues involving the movement of individuals, ideas and information, were the reason why it was not possible to go further. But it is of great importance that a searching debate could be initiated on many aspects of the relations between the participating States, and that on each of these, it was possible to affirm the common principles of conduct and to express, in the most practical possible way, the States' intention to allow and to foster the development, all over Europe, and therefore in Berlin also, of cooperation, trade and contacts in which individuals will be given major consideration.

Among the principles voiced, each one of which is to be interpreted mindful of the others, the Conference confirmed both the inviolability of frontiers and the possibility of changing them, in compliance with international law, by peaceful means and through agreement.

4. The European Council believes that the substance of the Final Act is a milestone on the road of détente, whose true significance can be gauged only in terms of the effective application on the part of each participating State of all the principles reaffirmed and of the action agreed. For their part, the Nine are resolved to adhere to the principles voiced by the Conference and to take any measures in their power to ensure that as far as they are concerned, the conclusions are put into practice. Thus the climate of mutual trust could be established which would allow the barriers to be opened in order to bring the peoples more closely together.

Moved by the firm hope that implementing the conclusions of the CSCE will lead to a real improvement in relations between the States taking part in the Conference, the Nine feel that, on such a basis, continuation of the multilateral dialogue instituted by the CSCE will be of value in the future. They declare themselves already resolved to cooperate towards this in the positive spirit which inspired their contribution to the work of the Conference.

5. The Nine recognize that the Conference made it possible to affirm in principle and emphasize in fact the close links between security and cooperation in Europe and security and cooperation in the Mediterranean. Convinced of the need for rapprochement and a fruitful dialogue between the Community, with its member countries, and the non-European Mediterranean countries, they declare themselves resolved to develop their relationships with those countries and to pursue the major efforts already made in this respect.
6. The Member States of the Community continue to adhere to their resolve to pursue their efforts for closer and closer unity between themselves, to strengthen their relations in all fields with the other participating States.

They reaffirm their conviction that the progress which they make towards their unification will foster the development of cooperation in Europe; they will thus be able to make a better contribution to the further process of détente and constructive dialogue in Europe and the world.

Session of the European Council

Rome, 1 and 2 December 1975

Conclusions

The economic and social situation

The European Council discussed the development of the economic and social situation in the Community and again stressed the need for close coordination to be maintained between the economic policies of the Member States in order to consolidate the economic recovery which seems to have begun and to improve the present level of employment.

The European Council confirms the broad lines which emerged at the July meeting in Brussels and which were echoed in the declaration issued after the Rambouillet summit, concerning the desirability of closer international cooperation and of a constructive dialogue among all the countries concerned to overcome current economic problems.

The European Council has noted with satisfaction the follow-up to the tripartite Conference held in Brussels on 18 November and the decision to instruct the Commission of the European Communities, in contact with both sides of industry, to study the main problems discussed and to prepare a report with a view to a future meeting of that Conference.

Community budget and financing

The European Council carried out a thorough examination of the problems connected with the supervision of Community expenditure and the Community's budget policy.

The Council agreed on the need for more effective financial control over Community expenditure and stated that it was in favour of the suggestions made by the Heads of Government of the United Kingdom, the Federal Republic of Germany and Ireland, and the proposals of the Commission, being examined expeditiously.

The President of the Council and the President of the Commission were invited to make contact with the President of the European Parliament with a view to examining the role which that institution might play in controlling Community expenditure by means of a committee or sub-committee.

The Heads of Government agreed to make every effort to ensure the early completion of the procedure for the ratification of the Treaty setting up a European Court of Auditors signed on 22 July last in Brussels, with a view to enabling the Court to commence activities during 1976.

The European Council noted with satisfaction the information communicated by the President of the Commission regarding the strengthening which had taken place to date in the powers of the Member of the Commission responsible for the budget, without prejudice, however, to the principle of the collective responsibility of the Commission as laid down in the Treaties.

With reference to the agreement reached at Villa Marlia and formally adopted by the Council meeting in Brussels on 5 and 6 November regarding the annual joint meeting of Ministers for Foreign Affairs and Ministers for Finance to carry out an overall assessment of Community budget problems, the European Council considers that discussions at such meetings should concentrate on general Community policy, ensure greater consistency as regards policies to be followed and budget decisions and allow better distribution of Community resources to be achieved by means of the gradual introduction of multi-annual expenditure forecasts. The discussion relating to next year should take place, on the basis of a Commission communication, before the end of April.

The European Council noted the Commission's intention to submit to the Council proposals concerning the use of the European unit of account in the Community budget.

Elections to the European Parliament

The European Council is agreed that elections to the European Parliament shall take place on a single date in May or June 1978.

Any country which at that date is unable to hold direct elections shall be allowed to appoint its representatives from amongst the elected members of its national parliament.

The European Council noted Mr Wilson's statement that the United Kingdom Government required a further period for internal consultations before adopting a final position regarding the date fixed, and the conditions set by Mr Jorgensen for direct elections to the European Parliament in Denmark.

The European Council instructed the Council of Ministers to continue examination of the problems encountered and to submit a report which will enable the text of the Convention on elections to the European Parliament to be finalized at the next European Council.

Passport Union

The European Council is agreed on the introduction of a uniform passport which may be issued as from 1978.

To that end, the European Council asks the Council (Ministers for Foreign Affairs) to resolve all outstanding questions in this area.

The European Council also asks the Council (Ministers for Foreign Affairs) to continue work on the abolition of frontier controls and on the harmonization of conditions of entry into and abode in the Member States.

Communication from Mr Tindemans on the accomplishment of his mission

The European Council heard a statement by Mr Tindemans, Prime Minister of Belgium, on the accomplishment of his mission of preparing a report on European Union. As agreed, a copy of this report will be sent to all Governments before the end of the year.

Conference on international economic cooperation

I. Basic problems

The Commission will submit proposals and the Council decide as soon as possible on appropriate mechanisms to protect existing sources and ensure the development of alternative sources of Community energy, on reasonable economic conditions and also to encourage conservation in the use of energy.

II. Procedure

- (a) The Community will be represented by a single delegation at the conference on international economic cooperation.
- (b) The Presidents of the Council and the Commission will act as spokesman for the Community.

During the ministerial conference, the Chairman of the Community delegation will be able to invite the representatives of two Member States to submit further comments in the light of their experience and in accordance with the mandate adopted.

- (c) In each commission, the spokesmen for the Community shall be assisted by a Community delegation comprising representatives of the Member States.
- (d) It may be agreed in the framework of the Community coordination procedure that a member of the Communities' delegation be invited by the Chair to comment on specific questions in the context of the mandate. These statements shall not conflict with the agreed Community position.
- (e) As the dialogue proceeds, the mandate will be further developed in accordance with the Community procedure.

Law and order

The European Council adopted a proposal by the Prime Minister of the United Kingdom that Community Ministers for the Interior (or Ministers with similar responsibilities) should meet to discuss matters coming within their competence, in particular with regard to law and order.

Session of the European Council

Luxembourg, 1 and 2 April 1976

Conclusions

Homage to Jean Monnet

The European Community, which is now more than 25 years old, is already, notwithstanding its shortcomings and its imperfections, a remarkable achievement at a time when hopes of deepening the prospects of European Union are beginning to take shape.

For the positive balance sheet at the end of this first stage and on the eve of progress towards political union, we are heavily indebted to the boldness and breadth of vision of a handful of men. Amongst these, Jean Monnet has played a major part, whether as the instigator of the Schuman Plan, as first President of the High Authority or as founder of the Action Committee for the United States of Europe. In all these roles, Jean Monnet has resolutely attacked the forces of inertia in the political and economic structures of Europe in an endeavour to establish a new type of relationship between States, bringing out the solidarity already existing between European States and translating it into institutional terms.

Monnet was a realist, and although he first concentrated on economic interests, he never abandoned his vision of achieving a wider understanding between the individuals and peoples of Europe which would extend to all fields of activity. There has sometimes been a tendency to lose sight of this objective amongst the vicissitudes of European construction, but it is an objective which has never been disavowed. Now more than ever it should guide us in lifting us above our task of daily management which will then acquire its true perspective and consistency.

Jean Monnet recently retired from public life. Having devoted the greater part of his talents to the European cause, he deserves from Europe a very special mark of gratitude and admiration.

It is for these reasons that the Heads of State or Government, meeting in Luxembourg as the European Council, have decided to confer on him the title of Honorary Citizen of Europe.

Economic, monetary and social situation

The European Council asked the Council (Ministers of Economic and Financial Affairs) to examine the Commission's communication on economic and monetary action and to take the ap-

appropriate decisions or, if need be, report to the next meeting of the European Council. The European Council found that the Member States' governments should respect a certain discipline concerning money supply, budget deficits, production costs, including incomes, and payment balances in order to attain a high degree of convergence of economic policies.

Election of Parliament by direct universal suffrage

The European Council confirmed the conclusions reached at its last meeting, particularly in respect of the date of the first election. The outstanding problems were reviewed but no decision was reached on the complement of the House.

European Union

The European Council tentatively discussed the Tindemans Report.

Declaration by the European Council on the entry into force of the Convention

The Heads of Government, meeting in Luxembourg as the European Council, welcome the entry into force today of the Convention signed in Lomé on 28 February 1975.

They would express to the Heads of State and the Governments of the countries which have signed this Convention and to the peoples they represent, their profound conviction that the co-operation which has been brought about by means of the Lomé Convention constitutes an exemplary undertaking serving to reinforce close cooperation between industrialized and developing countries.

The European Council reaffirms the Community's will to contribute through this initiative to finding a solution to the major problems of balanced economic development between the partners to this Convention.

Declaration on Rhodesia

The Nine countries of the European Community reaffirm the principles set out in the ministerial statement of 23 February 1976 and in particular the right of the Rhodesian people to self-determination and independence. They therefore deplore the fact that recent events have made a peaceful transfer of power to the majority more difficult in Rhodesia.

The Nine vigorously support the objectives laid down by the British Government on 22 March and the efforts it is making to achieve them.

They appeal solemnly to the Rhodesian minority, which at present is opposing a system of majority rule, to accept a rapid and peaceful transition to such a system.

They confirm that they will continue to apply strictly the Security Council decisions concerning Rhodesia.

Session of the European Council

Brussels, 12 and 13 July 1976

Conclusions

Election of the European Parliament

The European Council agreed that the number and distribution of seats in the European Parliament which is to be elected by direct universal suffrage in 1978 should be as follows:

Luxembourg	6
Ireland	15
Denmark	16
Belgium	24
Netherlands	25
France	81
Italy	81
United Kingdom	81
Germany	81

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The European Council also took note of a statement by the Federal Chancellor on the application to Land Berlin of the Act introducing election of the members of the European Parliament by direct universal suffrage.

The United Kingdom and Danish Prime Ministers confirmed the statements they made at the European Council meeting in Rome on 1 and 2 December 1975.

The European Council asked the Council to take an overall decision on the election of the members of the European Parliament by direct universal suffrage before the end of July 1976.

Tindemans Report

In preparation for its next meeting, the European Council asked the Ministers of Foreign Affairs to continue the examination of the Tindemans Report.

Economic and social situation in the Community

There was broad agreement within the European Council on the assessment to be made of the economic situation. This is characterized by a clear conjunctural recovery and the European Council is confident that this recovery will persist in 1977. Account must be taken for some time to come of a relatively high level of unemployment, which will continue to require particular attention in a number of Member States. It will continue to be necessary to stimulate productive investments in the immediate future. Great attention must be paid to the management of budget deficits and the creation of liquidity, in order to prevent a resumption of inflationary tendencies. With this in view, endeavours will be made to hold a Council meeting of Ministers of Economic and Financial Affairs this month in order, among other items, to discuss the Commission's document of 23 June 1976 and to prepare the practical conclusions to be drawn.

The European Council agrees on the necessity of increased convergence of economic and monetary policies, while recognizing that agreements concerning exchange rates are meaningful only if they are supported by a coordinated policy. In this connection, the European Council has noted the results of the most recent tripartite conference with approval. The Council congratulates the Commission on the way in which preparations for this conference were made and supports the conclusions adopted at it. It considers that the system of tripartite conferences must continue to be followed, and urges the Commission to continue the dialogue with both sides of industry in the Community.

Extension of the Community's fishery limits

The European Council, having taken note of the work carried out at the United Nations Law of the Sea Conference and noting an increasing trend towards the extension of fishery limits to 200 miles without awaiting the conclusions of this Conference, expresses its determination to protect the legitimate interests of Community fishermen.

To this end, it invites the Council, at its meeting on 20 July 1976, to give consideration to a declaration of intent by the Member States of the Community on the extension of fishing limits of the Community to 200 miles.

Puerto Rico Conference

During the meeting the European Council briefly considered the Puerto Rico Conference and unanimously agreed that when such conferences took place the Member States should inform and consult one another as quickly as possible on how Community interests can be consolidated and that should problems crop up which fall within the Community's competence these must be dealt with in full compliance with the requirements of Community procedure.

Combating terrorism

1. The Member States of the European Communities hereby declare that they regard the inhuman practice of taking hostages for the purpose of putting pressure on governments, for whatever political or non-political ends and for whatever motives, as completely unacceptable.
2. It is in the interests of all governments resolutely to oppose such methods. It is in the interests of all governments to cooperate in combating the evil of terrorism.
3. Recent events have shown once again that no country, no people and no government can hope to be spared acts of terrorism, kidnappings and hijackings directed against its citizens and interests unless all countries agree on effective measures.
4. In this connection the Member States of the European Communities declare that they are determined to cooperate with other countries in setting up effective worldwide measures to eradicate and prevent international terrorism, kidnappings and hijackings. Member States undertake to prosecute or to extradite those who engage in the taking of hostages.
5. The Heads of Government take note of the decisions which the Ministers for Foreign Affairs and Justice of the Member States have already taken in this matter in response to the request made at the European Council held on 1 and 2 December 1975 in Rome, and ask these Ministers to continue their activities.
6. More particularly, the Heads of Government ask their Ministers for Justice to set up a convention under which the nine Member States undertake to prosecute or extradite those who engage in the taking of hostages. They shall ensure that as many countries as possible cooperate in this.

Session of the European Council

The Hague, 29 and 30 November 1976

Conclusions

Economic situation in the Community

1. There has been no further improvement in the economic situation in most of the Member States during the last few months.
 - With the weakening of special factors (such as stockbuilding), the rather slack increase in private consumer demand, as well as the continuing weakness of investment demand, industrial production has - with a few exceptions - levelled off.
 - Since the summer the balance of payments situation of the deficit countries has deteriorated appreciably as a result of seasonal factors and the depreciation of certain currencies.
 - As a result of the levelling-off of production, there has been little significant fall in cyclical unemployment. Indeed, in some member countries the number of unemployed has actually risen again.
 - Inflation rates have accelerated again in many member countries.
2. The slowdown in recovery has affected almost all the industrial countries. This has been accompanied by a considerable deceleration in the growth of the volume of world trade. An increase in oil prices could cause a further deterioration in the world economic situation and seriously endanger the economic upswing in the industrial countries.
3. Faced with these developments, there is a growing belief, in all the Member States of the Community, that only a greater and more uniform degree of price stability can in the long run ensure sustained economic growth, a reduction in unemployment and greater stability in international monetary relations.

4. There is still, however, a threat to the Community's cohesion. Divergences in prices, costs and balances of payments persist. Changes in exchange rate relationships are once again making it more difficult for some Member States than for others to contain cost and price inflation. The dangers for the Community raised by the persistence of these disparities can only be countered by greater solidarity between the Member States.
5. The realization of the objectives for 1977, approved by the Council of Ministers on 22 November 1976, will be possible only if:
 - the positive factors predominate and, especially, the expansion of world trade continues, without the introduction of protectionist measures;
 - further efforts are made to coordinate economic and stability policies at Community and international level;
 - in collaboration with the two sides of industry at national and Community level, future wage agreements take account of what is economically possible. The dialogue with the two sides of industry, called for by the last European Council, should be continued;
 - there is no increase or only a moderate increase in oil prices.
6. The data available at present do not justify a general change of the short-term economic policy being pursued at the moment. A careful watch must, however, be kept over the evolution in the weeks and months ahead, so as to prevent, through prompt action, any weakening of domestic and foreign expansionary forces.

Short-term economic policies must continue to be differentiated according to the situation of the individual Member States.

The deficit countries must follow a vigorous policy in the monetary, fiscal and incomes field, so as to reduce the high level of balance of payments deficits and inflation rates, cut the spiral of exchange rate deteriorations and price rises, and thus restore confidence as quickly as possible.

Those countries which are not subject to external constraints and which can anticipate a further reduction in price increases, must ensure that domestic demand expands. Thus they will support the efforts of the deficit countries which, unless there is a recovery in external demand, could achieve success only at the price of a distinct downturn in activity and growing unemployment.

Japan

The European Council stresses the importance it attaches to maintaining good relations between the Community and Japan and its strong desire that these relations should develop to the advantage of both the Community and Japan.

The European Council notes with concern the effects of import and export practices followed hitherto in Japan as well as the rapid deterioration in the trade situation between the Community and Japan and the problems which have arisen in certain important industrial sectors. Determined efforts are called for to remedy this situation, paying particular attention to the need for rapid expansion of Japanese imports from the Community, with a view to the development of mutually advantageous trade relations.

The European Council accordingly invites the responsible Community institutions to give further urgent consideration to these problems and to pursue vigorously this important aspect of the common commercial policy in discussions with Japan. It expects that substantial progress will have been achieved before its next meeting on the solutions which are urgently needed to realize the Community's objectives.

The European Council notes with satisfaction that the Japanese Government is willing to cooperate with the European Community, on the basis of mutual understanding, in solving the problems which arise.

Conference on International Economic Cooperation

The European Council reaffirms the importance which it attaches to the whole range of problems relating to international economic cooperation, and therefore to the CIEC.

In its view, the nature and composition of the Conference and the scope of the matters with which it is concerned bestow upon it a particular significance which justifies the pursuit of the efforts already made.

The European Council considers that further progress must be made by all concerned to reach mutually satisfactory conclusions, which would permit considerable progress to be made in international economic cooperation and would enable an important contribution to be made to the economic development of the developing countries.

The Community, for its part - conscious of the growing interdependence of world economies and anxious to encourage an atmosphere conducive to international economic cooperation - is prepared to make as positive a contribution as it can to the extent that developments in its own economy permit.

At the end of its exchange of views on this question, the European Council confirmed the importance which it attaches to the success of the North-South dialogue and requested the competent bodies of the Community to proceed in this light with their work on all of the matters under discussion.

European Union

1. The European Council examined the Report on European Union submitted to it by Mr Tindemans at its request. It heard an account given by the Chairman of the work carried out, and approved the general lines of the comments by the Ministers for Foreign Affairs on the various chapters of the report.
2. The European Council indicated its very great interest in the analyses and proposals put forward by Mr Tindemans. It shared the views expressed by the Belgian Prime Minister on the need to build European Union by strengthening the practical solidarity of the nine Member States and their peoples, both internally and in their relations with the outside world, and gradually to provide the Union with the instruments and institutions necessary for its operation. It considered that European Union should make itself felt effectively in the daily life of individuals by assisting in the protection of their rights and the improvement of the circumstances of their life.
3. On this occasion the European Council had a wide-ranging discussion of the principles which must underlie the construction of European Union over the coming years. European Union will be built progressively by consolidating and developing what has been achieved within the Community, with the existing Treaties forming a basis for new policies. The achievement of Economic and Monetary Union is basic to the consolidation of Community solidarity and the establishment of European Union. Priority importance must be given to combating inflation and unemployment and to drawing up common energy and research policies and a genuine regional and social policy for the Community.
4. The construction of Europe must also make the best use of possibilities for cooperation between the nine Governments in those areas where the Member States are prepared to exercise their sovereignty in a progressively convergent manner.

This form of cooperation in the field of foreign policy must lead to the search for a common external policy.

5. In the light of future developments as defined by the Report on European Union, the Heads of Government, with the intention of establishing a comprehensive and coherent common political approach, reaffirm their desire to increase the authority and efficiency of the Community institutions, as well as the support of the peoples for them, and confirm the role of the European Council as a driving force.
6. On the basis of the conclusions reached by the Ministers for Foreign Affairs, the European Council invites them, and the Commission, in the sectors for which it is competent, to report to it once a year on the results obtained and the progress which can be achieved in the short term in the various sectors of the Union, thus translating into reality the common conception of European Union.

Session of the European Council

Rome, 25 and 26 March 1977

Conclusions

Economic growth, inflation and employment

1. The European Council considered the prospects for economic development within the Community and agreed that, in order to promote sustained economic recovery and mitigate the severe unemployment being experienced in member countries, without risking the renewal of inflation, there is a need for intensified cooperation at the Community as well as the international level.
2. The European Council recognized that such action must in large part be undertaken on a world scale in which the Community has an important role to play. In this connection they noted first that Community Finance Ministers have reached a large measure of agreement on the views they will put forward on international financing problems at the meeting of the IMF Interim Committee in Washington at the end of April, and secondly that ways of encouraging a stronger, but still balanced, growth of world economic activity will be a major theme of the London summit in early May.
3. The European Council further agreed in particular to seek action at the Community level in three directions: firstly, to promote measures to help resolve specific labour market problems, especially in improving training and employment opportunities for young people and women, secondly to encourage higher levels of investment in the Member States, and thirdly to halt divergence and promote convergence in their economic performance. To this end, the European Council invites on the one hand the Commission, in particular by the better use of Community instruments, and on the other hand the Board of Governors of the European Investment Bank to seek ways of improving the effectiveness of their activities.
4. The European Council emphasized the importance of cooperation between the social partners in these matters and agreed to the holding of a further tripartite conference in the first half of this year, at a date to be fixed, at which progress and possibilities could be reviewed. The European Council agreed to reconsider progress on this range of problems at its own projected meeting in June.

5. The European Council agreed to conduct at its meeting at the end of the year an examination of the results obtained in the fields of growth, employment and the fight against inflation, and to assess the Community's prospects of making progress towards Economic and Monetary Union.

Situation in the steel sector

The European Council has considered the situation in the steel sector, on the basis of a communication from the Commission. This sector is experiencing a depression more serious than at any time in the history of the Coal and Steel Community. The Heads of State and Government have taken this opportunity to reaffirm their resolve to restore to the steel industry through the appropriate measures, the viability and competitiveness essential to the maintenance of a truly European industrial potential.

The European Council expresses its appreciation of the efforts being undertaken by the Commission to put forward at an early date practical proposals and initiatives for short-term remedial measures to stabilize the market, for a longer term structural reorganization of the European steel industry and for measures in the social field to assist workers adversely affected by such reorganization.

The European Council expresses the wish that the Council of Ministers give its urgent attention to the Commission's proposals and initiatives on these issues.

Japan

The European Council, recalling its statement of 30 November 1976,

- reaffirms the importance it attaches to maintaining good relations between the Community and Japan;
- notes that some progress has been made over the past four months towards resolving certain specific trade problems;
- observes however that not all the problems have yet been solved and considers that efforts have to be continued particularly with a view to the sustained expansion of exports from the Community to Japan;
- invites accordingly the responsible Community institutions to continue the intensive discussions with the Japanese authorities with the aim of resolving outstanding difficulties as rapidly as possible.

Community participation in the London economic summit

The President of the Council and the President of the Commission will be invited to take part in those sessions of the Downing Street summit at which items which are within the competence of

the Community are discussed. Examples of such items are negotiations about international trade and the North-South dialogue.

North-South dialogue

We have agreed on the basis of a common position.

We agreed that there should be commodity price stabilization agreements where appropriate and that there should be a Common Fund. There will also be a study of export earnings stabilization measures for developing countries and of special action for the CIEC on aid.

This will now be worked out in detail at the Council on 5 April and will be brought forward in the preparations for the CIEC ministerial meeting in Paris, in which the Community will coordinate its position with the other industrialized countries in the Group of Eight. This will be followed by detailed negotiations at the UNCTAD conference.

The Community will call on other countries, for instance in Eastern Europe and oil-producing countries, to make an adequate contribution in the development field.

European Foundation

The European Council also took note of the Commission's intention to present proposals for the establishment of a European Foundation as proposed in the Tindemans Report on European Union.

Organization of European Council meetings

The problem of organizing the Council's work was referred to the Council of Foreign Ministers.

Session of the European Council

London, 29 and 30 June 1977

Conclusions

Statement on growth, inflation and employment

1. The European Council reviewed progress and on-going work on the range of problems which it had identified at its March meeting in Rome, including both action within the Community itself and cooperation at wider international levels.
2. At its March meeting the European Council agreed to seek action on specific labour market problems particularly for young people and women; to encourage high levels of investment in Member States; to halt divergence and promote convergence in their economic performance. The European Council noted the action taken within the Community on all these points.
3. The European Council welcomed the agreement reached on 28 June by the Council (Social Affairs) to improve the effective operation of the European Social Fund. It noted that the Commission would soon be submitting proposals to use the Fund for a scheme directed to the employment problems of women.
4. The European Council attaches particular importance to the problem of structural unemployment among the young. It received a report from the Commission on Community action in the field of the labour market and has called on it to continue its work on the problem. The Council (Social Affairs) was asked to meet in early autumn to consider, in the light of this work and of the results of national measures, what common action might be necessary.
5. The European Council noted with satisfaction the spirit of cooperation between governments, institutions and the social partners which marked the work of the tripartite Conference of 27 June. The Council hopes that the joint study programme, announced at the end of the Conference, may lead to a strengthening of this spirit of cooperation.
6. The European Council noted the responses of the Commission and the Board of Governors of the EIB to the invitation which it made to them on 26 March

1977 to suggest ways in which the Community might increase and intensify its activities to promote convergence, investment and employment in the Community.

7. The European Council invited the Board of Governors of the EIB to implement its proposals.
8. The European Council also invited the Council (Ministers of Finance and Economic Affairs) to examine as early as possible the Commission's communication on investment and borrowing in the Community.
9. The European Council affirmed the necessity for the Member States to arrive at a common energy policy.
10. The European Council reaffirmed the importance of cooperative efforts by industrial countries to seek a sustained expansion of world economic activity, consistent with further reduction of the rate of inflation and thereby to help reduce unemployment. The European Council expressed its determination that the Community and its Member States should play their appropriate part in this worldwide cooperation. In this connection the European Council noted the commitments made by some Heads of Government to the achievement of specified growth targets in 1977 and to the review of policies and progress to this end. It also noted that other governments have expressed their intention of continuing their stabilization policies. The European Council was concerned that adequate international financing should be available to support this expansion of world economic activity, and expressed the hope that the efforts being made to this end in the IMF and elsewhere would be successful.
11. The European Council expressed its concern at the employment situation in certain sectors adversely affected by structural changes in the economy. It invited the Commission to continue studying all factors whether structural or otherwise and to indicate the conclusions which it draws from these studies. The European Council also concerned itself with the effects on the employment situation of the open and liberal commercial policy of the Community to which the Community, as the world's largest importer and exporter, remains strongly attached.

Statement on the Middle East

1. At the present critical stage in the Middle East, the Nine welcome all efforts now being made to bring to an end the tragic conflict there. They emphasize the crucial interest which they see in early and successful negotiations towards a just and lasting peace. They call on all the parties concerned to agree urgently to participate in such negotiations in a constructive and realistic spirit; at this juncture in particular all parties should refrain from statements or policies which could constitute an obstacle to the pursuit of peace.

2. The Nine set out on many occasions in the past, for example, in their statements of 6 November 1973, 28 September 1976 and 7 December 1976, their view that a peace settlement should be based on Security Council Resolutions 242 and 338 and on:
 - (i) the inadmissibility of the acquisition of territory by force,
 - (ii) the need for Israel to end the territorial occupation which it has maintained since the conflict of 1967,
 - (iii) respect for the sovereignty, territorial integrity and independence of every State in the area and their right to live in peace within secure and recognized boundaries,
 - (iv) recognition that in the establishment of a just and lasting peace account must be taken of the legitimate rights of the Palestinians.

It remains their firm view that all these aspects must be taken as a whole.

3. The Nine have affirmed their belief that a solution to the conflict in the Middle East will be possible only if the legitimate right of the Palestinian people to give effective expression to its national identity is translated into fact, which would take into account the need for a homeland for the Palestinian people. They consider that the representatives of the parties to the conflict, including the Palestinian people, must participate in the negotiations in an appropriate manner to be worked out in consultation between all the parties concerned. In the context of an overall settlement, Israel must be ready to recognize the legitimate rights of the Palestinian people: equally, the Arab side must be ready to recognize the right of Israel to live in peace within secure and recognized boundaries. It is not through the acquisition of territory by force that the security of the States of the region can be assured; but it must be based on commitments to peace exchanged between all the parties concerned with a view to establishing truly peaceful relations.
4. The Nine believe that the peace negotiations must be resumed urgently, with the aim of agreeing to and implementing a comprehensive, just and lasting settlement of the conflict. They remain ready to contribute to the extent the parties wish in finding a settlement and in putting it into effect. They are also ready to consider participating in guarantees in the framework of the United Nations.

Organization of European Council meetings

Prior to the European Council meeting in Rome at the end of March, the Presidency circulated a paper which sought to establish points of agreement which had emerged from the correspondence between Heads of Government about the ways in which the organization of European Council meetings might be improved. In the light of the discussion at that meeting, which was followed up by the Foreign Ministers on 5 April, the following points are understood to represent a generally acceptable framework for the organization of future meetings:

A - Types of discussion

There is general agreement that the European Council should have both:

- (i) informal exchanges of view of a wide-ranging nature held in the greatest privacy and not designed to lead to formal decisions or public statements,
- (ii) discussions which are designed to produce decisions, settle guidelines for future action or lead to the issue of public statements expressing the agreed view of the European Council.

It is also recognized that the European Council will sometimes need to fulfil a third function, namely to settle issues outstanding from discussion at a lower level. In dealing with matters of Community competence the European Council will conform to the appropriate procedures laid down in the Community Treaties and other agreements.

B - Advance preparation of the agenda

For informal exchanges of view, it is generally agreed that little preparation is necessary, although some limited prior clarification of the questions is not to be excluded if it would facilitate discussion. Heads of Government should inform each other or the Presidency, a few days beforehand, of the subjects which they will wish to discuss. There is general agreement that there should be adequate preparation of those discussions which are aimed at taking decisions or issuing statements. Foreign Ministers should have responsibility for such preparation, which could take place in the Council or the political cooperation machinery as appropriate, and will wish to meet at an appropriate time, and if necessary to hold a special meeting before the European Council, for this purpose.

C - The issuing of statements

It is generally agreed that the European Council will wish to make public its decisions on some subjects or sometimes to issue a statement registering a concerted Community opinion on a topic of international concern. Such statements should not, other than in exceptional circumstances, be issued without advance preparation. A list of the subjects on which it is proposed statements should be issued should be drawn up two to three weeks in advance.

D - The recording of conclusions

There should be no record of the informal exchanges of view between Heads of Government. For the discussions aimed at reaching decisions or issuing statements there should be a written record of conclusions, which should be issued on the authority of the Presidency.

E - Attendance of officials

There is general agreement that the exchanges of views should be as intimate as possible and that attendance should be restricted as at present.

Session of the European Council

Brussels, 5 and 6 December 1977

Conclusions

Economic and social situation

1. The European Council conducted a wide-ranging discussion of the economic and social situation in the Community, during which it was established:
 - that, although considerable results had been achieved in combating inflation and improving the balance of payments, the level of unemployment remained a major cause for concern, the growth of demand was insufficient and the degree of utilization of industrial capacity was very low;
 - that for these reasons every effort should be made to implement the strategy for economic growth approved by the Council (Ministers of Economic and Financial Affairs) on 17 October 1977.
2. The European Council felt that the implementation of this strategy should be accompanied by progress towards Economic and Monetary Union.

The European Council noted with satisfaction the Commission communication on the prospect of EMU.

It reaffirmed its attachment to the objective of EMU.

With this in mind, it requested the Council (Ministers of Economic and Financial Affairs) to make a thorough study of the Commission communication.

It noted the intention of the Commission to raise this question before the European Parliament, the Economic and Social Committee and in future tripartite conferences.

3. At the end of this discussion the European Council approved the following immediate objectives:
 - increased coordination of economic policies,
 - the strengthening of monetary solidarity,
 - the development of the Community's financing facilities,
 - the search for Community solutions to structural problems.

4. In order to achieve these objectives the European Council adopted the following instruments:
 - (a) In order to go further than a juxtaposition of national objectives, the convergence of short-term economic policies should be reinforced by a better coordination of national short-term economic policy instruments and their insertion in a Community framework and procedure.
 - (b) The strengthening of financial solidarity should be promoted by the adjustment of short- and medium-term credit mechanisms.
 - (c) The European Council declared itself in favour of the development of the Community's financing facilities by approving the principle of the establishment, on an experimental basis, of a new instrument for Community lending and borrowing, the loans being managed by the European Investment Bank. It instructed the Council (Ministers of Economic and Financial Affairs) to examine the proposal which the Commission would make on this subject.
 - (d) With the aim of adapting European industry to the new conditions on the Community and world markets, solutions to the structural problems which are common to all the Member States must increasingly be sought at Community level, particularly for the steel, textiles and ship-building industries.

In the case of the growth sectors, the Commission is urged to submit its report before July 1978.

5. The European Council stressed the importance of contacts with the two sides of industry through the tripartite conferences, and requested that the follow-up work to the last tripartite conference be expedited.

The European Council took note of the problems raised by monetary compensatory amounts in the context of the agricultural policy, as regards their financial effects and their impact on the unity of the market. Between now and March 1978 it expects the Council to re-examine these problems on the basis of proposals from the Commission.

With a view to an improvement in the economic situation, the European Council reaffirmed the need for an energy saving policy and stability of oil prices.

6. The European Council took note of the Commission's intention of submitting proposals as soon as possible on the problems of the Mediterranean regions of the Community.
7. After an exchange of views on relations between the Community and Japan and in particular on the disturbing question of Japanese balance-of-payments surpluses in the context of the world economy as a whole, the European Council called upon the President of the Commission to continue and intensify his consultations with the Japanese government with special reference to this subject.

European Union

In accordance with the decision taken at its meeting in November 1976, the European Council, when it met in Brussels on 5 and 6 December, reviewed and approved the first annual reports on progress achieved towards European Union, which were presented by the Ministers of Foreign Affairs and the Commission.

It was agreed that the two reports would be published jointly.

European Foundation

At its meeting in Brussels on 5 and 6 December, the European Council considered the Commission's report on the terms of reference, nature and funding of a European Foundation.

It agreed in principle that such a Foundation should be established and asked the Commission and the Council each to examine the aspects of the question which concern it, so that at the next meeting (April 1978), the European Council will be in a position to take concrete decisions on implementing the project.

European unit of account

At its meeting on 5 and 6 December the European Council decided in principle to introduce the European unit of account (EUA) for the Budget of the Communities from 1 January 1978. On 21 December the Council adopted the following procedure for implementing this decision:

- (i) the Regulation applying the EUA to the acts of the institutions will be formally adopted by 31 March 1978;
- (ii) until this Regulation comes into effect the budget will be executed in EUA on the basis of the relevant Articles of the new Financial Regulation (Articles 10, 26, 30 and 63), certain transitional provisions recorded in the minutes of the Council meeting and monthly rates for converting the EUA into national currencies.

Regional policy

The European Council agreed:

1. on three-year planning of the European Regional Development Fund, as follows:

1978	580 million EUA
1979	620 million EUA
1980	650 million EUA
Total	1 850 million EUA

2. to grant France, for the benefit of the French overseas departments, a 2% increase in its national quota, to be deducted from the quotas of the other Member States;
3. to instruct the Council to settle the other outstanding points, including the establishment of a non-quota section.

Election of Parliament

The European Council reaffirmed its wish that direct elections to the European Parliament should take place in May/June 1978 and noted that eight Member States were in a position to hold elections at that time. The European Council noted that a bill on this subject was then before the United Kingdom Parliament and expressed the hope that the legislative procedures in the United Kingdom would be completed in time to enable this objective to be attained. It also noted the determination of the United Kingdom Government to do all in its power to make this possible.

Recourse to Article 155 of the EEC Treaty

The European Council took note of the Commission's report on the possibilities offered by Article 155 of the EEC Treaty and instructed the Council to examine this question on the basis of more detailed proposals to be presented by the Commission.

Legal cooperation

The European Council took note of a communication from the President of France on developing legal cooperation between the Member States.

Session of the European Council

Copenhagen, 7 and 8 April 1978

Conclusions

Date of the election to Parliament

The Heads of State and of Government note with satisfaction that the legislative procedures in the member countries for the holding of direct general elections to the Assembly are now nearing completion. After examining dates suitable for the election they have reached agreement that the election to the Assembly shall be held from 7 to 10 June 1979.

Declaration on democracy

The election of the Members of the Assembly by direct universal suffrage is an event of outstanding importance for the future of the European Communities and a vivid demonstration of the ideals of democracy shared by the people within them.

The creation of the Communities, which is the foundation of ever closer union among the peoples of Europe called for in the Treaty of Rome, marked the determination of their founders to strengthen the protection of peace and freedom.

The Heads of State and of Government confirm their will, as expressed in the Copenhagen Declaration on the European Identity, to ensure that the cherished values of their legal, political and moral order are respected and to safeguard the principles of representative democracy, of the rule of law, of social justice and of respect for human rights.

The application of these principles implies a political system of pluralist democracy which guarantees both the free expression of opinions within the constitutional organization of powers and the procedures necessary for the protection of human rights.

The Heads of State and of Government associate themselves with the Joint Declaration by the Assembly, the Council and the Commission whereby these institutions expressed their determination to respect fundamental rights in pursuing the aims of the Communities.

They solemnly declare that respect for and maintenance of representative democracy and human rights in each Member State are essential elements of membership of the European Communities.

Economic and social situation

The European Council agreed that the Community and its Member Countries will over the coming three months develop a common strategy designed to reverse the present unsatisfactory trend in the Community's economic and social situation. The European Council was convinced that this course of action will constitute an important contribution to overall international action to promote world economic recovery. It will at the same time facilitate progress towards Economic and Monetary Union.

The common strategy will cover economic and monetary affairs, employment, energy, trade, industrial affairs, and relations with the developing world.

The European Council asked the Council (General Affairs) to coordinate the efforts of the Council in its various formations, and to prepare the necessary conclusions of the European Council at its session in July 1978.

1. The Council considers it essential that the Community will have achieved an annual growth rate of 4,5% by the middle of 1979.

With this in mind the Community will, in the coming months, assess the effects of present national economic policies and on this basis define the need for - and in appropriate cases - the margin of manoeuvre open to Member States for coordinated additional measures designed to realize the necessary growth within the Community.

During the same period the Community will, through common measures, support the action of Member States and make better use of existing common facilities to alleviate present restraints on Member Countries' possibilities for action. In this connection the Council referred to the so-called Community Loan Facility. It also invited the Governing Board of the EIB to adopt at its meeting in June a decision to double the capital of the Bank.

2. The European Council discussed the need for increased monetary stability both within the Community and on a world-wide basis. In this context it recognized the need to avoid disruptive capital flows.
3. The European Council expressed its deep concern over the persistent high rate of unemployment and agreed that an improvement in the employment situation is a key objective of the common overall strategy of the Community. It stressed the importance of the Community's growth objective in this context.

The European Council agreed that the need for complementary specific measures to combat unemployment, particularly with respect to young people, should be examined.

The European Council agreed with the Standing Committee on Employment that the best way of dealing with unemployment is to create new jobs through active economic, employment and investment policies, but considered that it should be further examined whether work-sharing measures could have a supplementary part to play in alleviating the present grave employment problems.

4. The European Council was convinced that sustained international economic stability depends significantly on vigorous efforts in all industrialized countries to reduce dependence on imported oil through energy savings and increased energy production.

The European Council agreed that the high demand for imported oil is a critical problem for the Community. More comprehensive and vigorous efforts at national and Community level to reduce demand and increase supply of energy within the Community are urgently needed. It recognized that this presupposes large scale investments. Such efforts will be given high priority, because they will at the same time promote economic activity, create new jobs and improve the balance of payments.

5. The European Council agreed that sustained growth in world trade is essential for the promotion of world economic recovery. Therefore protectionist tendencies must be resisted. A rapid and successful conclusion of the multilateral trade negotiations will increase confidence in the world trade system.

The European Council agreed that further progress should be made to eliminate obstacles to the free movement of goods within the Community.

6. The European Council emphasized the need to restore the competitiveness of industries in distress. This remains the basic aim of national and Community policies in this field.

In this connection it underlined the necessity to set up tripartite frameworks on a European level to overcome the serious problems of structural over-capacity in several industries and to promote an industrial structure that can maintain itself in world-wide competition.

7. The European Council pointed out that the pursuit of greater internal cohesion implying also a reduction in regional imbalances, constitutes one of the key objectives of the Community enterprise.
8. The European Council recalled the resolutions of the Council of Ministers of November 1975 and July 1976, recognizing the need for a re-examination of the agricultural problems affecting the Mediterranean regions of the Community.

In this spirit the European Council was of the opinion that the Council (Agriculture) should endeavour to reach a decision by the end of April taking into account the proposals from the Commission.

9. The European Council noted that an overall increase in the flow of aid to the developing countries will facilitate their possibilities of playing a greater part in a general recovery of the world economy.

The European Council reaffirmed the will of the Community to contribute constructively to progress in the North-South dialogue in order to promote a more just and equitable world economic order.

10. The European Council asked the Council in its various formations to take the necessary steps over the coming three months towards the achievement of the objectives mentioned above.

Japan

The European Council heard the report from the President of the Commission on the progress made in fulfilling the mandate given to him by the European Council at its last meeting in December to continue and intensify his consultations with the Japanese Government with special reference to Japanese balance-of-payments surpluses in the context of the world economy as a whole.

The European Council agreed that the EEC-Japan joint communiqué of 24 March could be regarded only as a first step in continuing consultations which will be pursued vigorously with the Japanese Government on the basis of the guidelines agreed by the Council of Ministers in February. The European Council noted with approval the conclusions reached by the Council of Ministers on 3 and 4 April and drew attention to the need for Japan to take appropriate measures for the rapid reduction of its current account surplus, which continues to cause concern.

The European Council asked the President of the Commission and the Council of Ministers to keep the question under review and complete the report to be considered at its next meeting in July.

Marine pollution

After hearing a statement by the President of the French Republic concerning the running aground of an oil tanker on the French coast, and bearing in mind the measures already taken and the proposals already put forward by the Commission and by some Member States concerning the fight against pollution and the imposition of minimum standards on ships, the European Council:

1. considers that the Community should make the prevention and combating of marine pollution, particularly from hydrocarbons, a major objective;
2. consequently invites the Council, acting on proposals from the Commission, and the Member States forthwith to take appropriate measures within the Community and to adopt common attitudes in the competent international bodies concerning in particular:
 - (a) the swift implementation of existing international rules, in particular those regarding minimum standards for the operation of ships;

- (b) the prevention of accidents through coordinated action by the Member States:
- with regard to a satisfactory functioning of the system of compulsory shipping lanes, and
 - with regard to more effective control over vessels which do not meet the standards;
- (c) the search for and implementation of effective measures to combat pollution.

European Foundation

In pursuance of the decision of principle taken at the meeting of the European Council on 5 and 6 December 1977, the Heads of State and of Government laid down the scope and objectives of the Foundation and agreed on the framework for its structure and financing. The European Council decided that formal discussions on setting up the Foundation should be conducted as soon as possible.

The seat of the Foundation will be Paris.

Terrorism

The European Council declared its deep distress at the kidnapping of Aldo Moro and the murder of his escort. The Council wished in this connection to express its complete solidarity with the Italian people and Government.

The Council expressed its great concern at the continually increasing number of acts of this kind and at the extension of terrorism in general which, if not effectively combated, will strike at the functioning and the very principles of democracy. The Council stressed that the nine Member States were firmly resolved to do everything to protect the rights of individuals and the foundations of democratic institutions.

The European Council agreed that high priority must be given to efforts to intensify cooperation among the Nine to defend our societies against terrorist violence.

It was agreed that the relevant Ministers will increase their mutual cooperation and will as soon as possible submit their conclusions on the proposals before them for a European judicial area.

Political cooperation

Namibia

The European Council took note of the proposal for a settlement in Namibia prepared by the Five Powers. The Council supports the action of the Five and considers the proposal to be a fair and reasonable settlement. It hopes that all the parties involved will feel able to accept this important opportunity for a negotiated peaceful solution in accordance with Security Council Resolution 385.

Session of the European Council

Bremen, 6 and 7 July 1978

Conclusions

I. The economic and social situation

The European Council states that in the face of the dangers resulting from the serious disruptions of the world economy, especially since the end of 1973, the Community has come through a very testing time, proved its cohesion and thereby made a decisive contribution to the stabilization of the world economy.

However, the situation within the Community is not yet satisfactory. Consequently, the European Council, meeting in Copenhagen in April 1978, instructed that a common strategy be evolved to overcome the unsatisfactory tendency of economic and social developments in the Community.

The Community and the Member States will closely coordinate their action with the other major industrial countries which are their partners, since the problems involved will be overcome better by means of close international coordination extending beyond Europe, in which heed must also be paid to the developing countries' interests. The meeting of Heads of State and of Government of the seven major industrial nations in Bonn on 16 and 17 July 1978, at which the Community is to be represented by the President of the Council and the President of the Commission, will provide a good opportunity for this. The European Council has arrived at the conclusions set out below regarding the action to be taken by the Community and in the Member States.

1. Economic policy

The European Council has decided on a common approach in order to achieve in Europe a considerably higher rate of economic growth and thus reduce the level of unemployment by fighting inflation, establishing a greater measure of monetary stability, expanding international trade, achieving progress in the energy sector, reducing regional disparities and stimulating demand. In pursuing this course no new dangers must arise to threaten the economic balance. In particular, the efforts to reduce inflation and disparities in cost and price trends between the individual countries must be continued.

A common approach by means of complementary measures will help to minimize the internal and external economic policy constraints of individual Member States and increase the effectiveness of such measures.

All Member States will take the necessary measures according to the room for manoeuvre under their respective economic policies. The scope available to individual Member States depends, of course, on their different initial situations, notably the success of their efforts to fight inflation, their balance-of-payments situation, their foreign currency reserves, the size of their public sector deficits and the extent of their unused production capacities. Countries without inflation and balance-of-payments problems will do more to increase domestic demand, in particular investment demand and rate of economic growth. Countries with steeply rising prices will first concentrate in particular on undesirable inflationary developments.

This coordinated approach in all areas of economic policy should help strengthen the confidence of investors and consumers in longer-term growth perspectives.

2. Monetary policy

Following the discussion at Copenhagen on 7 April 1978 the European Council has discussed the attached scheme for the creation of a closer monetary cooperation (European monetary system) leading to a zone of monetary stability in Europe, which has been introduced by members of the European Council. The European Council regards such a zone as a highly desirable objective. The European Council envisages a durable and effective scheme. It agreed to instruct the Finance Ministers at their meeting on 24 July 1978 to formulate the necessary guidelines for the competent Community bodies to elaborate by 31 October 1978 the provisions necessary for the functioning of such a scheme - if necessary by amendment. There will be concurrent studies of the action needed to be taken to strengthen the economies of the less prosperous member countries in the context of such a scheme; such measures will be essential if the zone of monetary stability is to succeed. Decisions can then be taken and commitments made at the European Council meeting on 4 and 5 December 1978.

The Heads of Government of Belgium, Denmark, the Federal Republic of Germany, Luxembourg and the Netherlands state that the 'snake' has not been and is not under discussion. They confirm that it will remain fully intact.

3. Measures to promote employment

The European Council confirms its view that improving the employment situation by means of increased growth is a crucial objective of the Community.

It notes that the Community is already providing considerable assistance through the European Social Fund and the European Regional Fund. It calls upon the Council of Ministers of Labour and Social Affairs to decide on measures to combat youth unemployment within the framework of the European Social Fund so that such measures can come into force on 1 January 1979.

4. Tripartite conference with both sides of industry

The European Council emphasizes the importance of tripartite conferences with both sides of industry and welcomes the decision to hold another conference with both sides of industry in the autumn to consider, in accordance with the outcome of the previous conference, the relationship between investment, employment and competition, work sharing and employment in the services sector.

5. Energy

The European Council emphasizes that efforts to resolve long-term energy problems should be intensified at all levels. The primary objective is for all countries to reduce their dependence on oil imports. In this connection the Community adopts the following objectives for 1985:

- to reduce the Community's dependence on imported energy to 50%;
- to limit net oil imports by the Community;
- to reduce to 0,8 the ratio between the rate of increase in energy consumption and the rate of increase in gross domestic production.

The Community emphasizes the need for the other industrialized countries to set themselves similar objectives.

Particular importance is attached to better use of the Community's energy resources, prospection efforts and the development of new sources of energy.

The contribution of nuclear energy alongside other forms of energy is vital and a matter of urgency for the Community. It is also important that work should continue on ecological, safety and protection issues in order to take into account the particular need for some Member States to find a solution to certain specific problems linked with the introduction or implementation of nuclear programmes.

Community measures on energy, particularly in order to promote energy-saving and to exploit all alternative sources of energy are complementary to the Member States' considerable efforts.

Apart from the new measures which it must take, the Community will in future have to give special attention to the joint appraisal and the coordination of the individual Member States' energy programmes.

The European Council lays emphasis on the need for worldwide cooperation on energy and in particular indicates the willingness of the Community and the Member States to assist the developing countries, in cooperation with other industrial countries, in surmounting their energy problems.

6. Common market

The European Council is agreed that the safeguarding and development of the common market by further measures to remove trade barriers and distortions of competition are a permanent task of the Community.

7. International trade

The European Council reaffirms its determination to strengthen the open world trading system through joint efforts. It emphasizes the outstanding importance it attaches to substantial and balanced results of the GATT multilateral trade negotiations. It calls upon all trading partners to make a constructive contribution to attaining this objective, in which the Community will play its part. The expansion of world trade, the improvement of the international division of labour and sustained economic growth are closely linked and are mutual prerequisites. The Community will take steps against protectionism in international trade and accordingly calls for increased international cooperation and consultation.

8. Structural policy

The European Council concludes that preserving and improving the competitiveness of industry and increasing its innovativeness are important requirements for a higher level of economic growth and the creation of new jobs. Consequently, a greater readiness to undergo structural changes must be induced in firms and industries. Such changes must, however, take place under socially acceptable conditions. The Community is making its contribution to this by means of its financing instruments, which have recently been considerably extended. Where public intervention is justified in exceptional cases on specific economic and social grounds, the assistance provided must be for a limited period and designed, subject to the rules in the Treaties, to facilitate structural adjustment.

9. Mediterranean agriculture

The European Council considers that the decisions taken by the Council (Ministers of Agriculture) on 12 May 1978 constitute a contribution to solving the agricultural problems in the Community's Mediterranean regions. It noted with satisfaction that the Council (Agriculture) had decided to take a decision by 30 September 1978 on the Commission proposals still outstanding.

The Council is of the opinion that due consideration must continue to be given to the special agricultural structural and market problems in the Mediterranean regions and in other less-favoured regions.

10. Relations with the developing countries

The European Council is of the opinion that progress in the North-South dialogue is essential for the solving of international economic problems and the safeguarding of world peace and stability. It reaffirms its will to strike a balance of interests between North and South even in difficult times. This requires the industrialized countries' markets to be open to products from the developing countries. Full integration of the developing countries into the world trade system represents a considerable contribution to this extension of world trade.

At the same time the Community and the Member States will continue and step up on a worldwide basis the development assistance which they provide.

Efforts to achieve constructive results in the current negotiations on a common fund and individual commodity agreements are to be continued. In this context, the stabilization of export earnings should receive further study.

The European Council regards the Lomé Convention as an important part of North-South cooperation and looks forward to successful negotiations on its renewal.

The European Council considers that the worldwide interconnections between the economic activities of all concerned - including the State-trading countries - call for common action on a basis of joint responsibility. It continues to place its trust in a favourable climate of cooperation in the United Nations and emphasizes the Community's firm resolve to render North-South relations mutually advantageous by means of cooperation, partnership and readiness to play a greater part.

II. Safety at sea, prevention and reduction of pollution

The European Council has discussed the subject of safety at sea, prevention and reduction of pollution (Amoco Cadiz), as set out in the report from the Foreign Ministers' Council dated 29 June 1978.

It deems it necessary to take further measures to increase the safety of maritime traffic, taking into account the proposals of individual Member States and the Commission. The European Council reaffirms the necessity to intensify efforts to prevent and control pollution of the sea, especially by hydrocarbons.

III. The European Council discussed the situation in the Near East and in Africa. Following these discussions, the press was briefed as follows:

1. Africa

The European Council discussed the situation in Africa and reaffirmed that the Nine attach great importance to a policy based on encouraging the independence of the countries of Africa and to continuing to make a major contribution to their economic needs. It expressed its support for the principle of peaceful solution of their problems.

The Council recalled the strictly humanitarian character of the actions, limited in space and time, undertaken by certain members of the Nine in Zaire. It noted with satisfaction the intention of the Government of Zaire to take the political and economic measures required to ensure the peaceful progress of all its people.

The Council reaffirmed the need to ensure the early and peaceful accession of Namibia and Zimbabwe to independence on the basis of negotiated and internationally acceptable solutions. It expressed its full support for the efforts which certain Member States are making, with others, towards this end.

The Council reaffirmed its condemnation of apartheid and its determination to continue to press for change in South African policy.

2. Middle East

The European Council also examined the present situation in the Middle East.

It expressed regret that, in spite of the efforts being made at present to achieve peace, progress in the negotiations remains very limited.

It reaffirmed the principles set out in the declaration of the European Council dated 29 June 1977 as a basis for a peaceful and just solution to the conflict.

3. Lebanon

The Presidency would point out that on the occasion of the European Council the nine Foreign Ministers agreed to make the following declaration to the press concerning the present situation in Lebanon:

The nine Governments view with deep concern the increasing gravity and growing dangers of the situation in the Lebanon. The recent fighting and shelling have caused serious losses among the civilian population.

The nine Governments urge all the parties concerned to exercise the maximum restraint so as to bring this fighting to an immediate end. It endangers not only the existence of the Lebanon but also the stability of the region as a whole. They recognize the great difficulties that confront President Sarkis. The office of the Presidency is the symbol of the sovereignty and unity of the Lebanon. They hope that the President and the Government of Lebanon will persevere in their efforts to restore peace and security throughout the whole of the Lebanon. They express their support for these efforts. They also express the hope that an effective cease-fire will be achieved. This would give time for reflection and negotiations amongst all the parties concerned. Meanwhile they trust that no actions will be taken which might prejudice the integrity of the Lebanon.

IV. International monetary policy

1. In terms of exchange rate management the European Monetary System (EMS) will be at least as strict as the 'snake'. In the initial stages of its operation and for a limited period of time member countries currently not participating in the snake may opt for somewhat wider margins around central rates. In principle, interventions will be in the currencies of participating countries. Changes in central rates will be subject to mutual consent. Non-member countries with particularly strong economic and financial ties with the Community may become associate members of the system. The European currency unit (ECU) will be at the centre of the system; in particular, it will be used as a means of settlement between EEC monetary authorities.
2. An initial supply of ECUs (for use among Community central banks) will be created against deposit of US dollars and gold on the one hand (e.g. 20% of the

stock currently held by member central banks) and member currencies on the other hand in an amount of a comparable order of magnitude.

The use of ECUs created against member currencies will be subject to conditions varying with the amount and the maturity; due account will be given to the need for substantial short-term facilities (up to 1 year).

3. Participating countries will coordinate their exchange rate policies vis-à-vis third countries. To this end they will intensify the consultations in the appropriate bodies and between central banks participating in the scheme. Ways to coordinate dollar interventions should be sought which avoid simultaneous reverse interventions. Central banks buying dollars will deposit a fraction (say 20%) and receive ECUs in return; likewise, central banks selling dollars will receive a fraction (say 20%) against ECUs.
4. Not later than two years after the start of the scheme, the existing arrangements and institutions will be consolidated in a European Monetary Fund.
5. A system of closer monetary cooperation will only be successful if participating countries pursue policies conducive to greater stability at home and abroad; this applies to deficit and surplus countries alike.

Session of the European Council

Brussels, 4 and 5 December 1978

Conclusions

The European Council agreed, on the basis of the preparatory work of the Council (Economics and Finance Ministers) and of the Monetary Committee and the Committee of the Governors of the Central Banks to set up a European Monetary System as from 1 January 1979. This agreement is enclosed as an Annex.

The purpose of the European Monetary System is to establish a greater measure of monetary stability in the Community. It should be seen as a fundamental component of a more comprehensive strategy aimed at lasting growth with stability, a progressive return to full employment, the harmonization of living standards and the lessening of regional disparities in the Community. The Monetary System will facilitate the convergence of economic development and give fresh impetus to the process of European Union. The Council expects the European Monetary System to have a stabilizing effect on international economic and monetary relations. It will therefore certainly be in the interests of the industrial and the developing countries alike.

- A -

The European Monetary System

1. Introduction

- 1.1 In Bremen we discussed a 'scheme for the creation of closer monetary cooperation leading to a zone of monetary stability in Europe'. We regarded such a zone 'as a highly desirable objective' and envisaged 'a durable and effective scheme'.

- 1.2 Today, after careful examination of the preparatory work done by the Council and other Community bodies, we are agreed as follows:

A European Monetary System (EMS) will be set up on 1 January 1979.

- 1.3 We are firmly resolved to ensure the lasting success of the EMS by policies conducive to greater stability at home and abroad for both deficit and surplus countries.
- 1.4 The following chapters deal primarily with the initial phase of the EMS.

We remain firmly resolved to consolidate, not later than two years after the start of the scheme, into a final system the provisions and procedures thus created. This system will entail the creation of the European Monetary Fund as announced in the conclusions of the European Council meeting at Bremen on 6 and 7 July 1978, as well as the full utilization of the ECU as a reserve asset and a means of settlement. It will be based on adequate legislation at the Community as well as the national level.

2. The ECU and its functions

- 2.1 A European Currency Unit (ECU) will be at the centre of the EMS. The value and the composition of the ECU will be identical with the value of the EUA at the outset of the system.
- 2.2 The ECU will be used:
- (a) as the denominator (numéraire) for the exchange rate mechanism;
 - (b) as the basis for a divergence indicator;
 - (c) as the denominator for operations in both the intervention and the credit mechanism;
 - (d) as a means of settlement between monetary authorities of the EC.
- 2.3 The weights of currencies in the ECU will be reexamined and if necessary revised within six months of the entry into force of the system and thereafter every five years or, on request, if the weight of any currency has changed by 25%.

Revisions have to be mutually accepted; they will, by themselves, not modify the external value of the ECU. They will be made in line with underlying economic criteria.

3. The exchange rate and the intervention mechanism

- 3.1 Each currency will have an ECU-related central rate. These central rates will be used to establish a grid of bilateral exchange rates.

Around these exchange rates fluctuation margins of 2,25% will be established. EC countries with presently floating currencies may opt for wider margins up to 6% at the outset of EMS; these margins should be gradually reduced as soon as economic conditions permit to do so.

A Member State which does not participate in the exchange rate mechanism at the outset may participate at a later date.

- 3.2 Adjustments of central rates will be subject to mutual agreement by a common procedure which will comprise all countries participating in the exchange rate mechanism and the Commission. There will be reciprocal consultation in the Community framework about important decisions concerning exchange rate policy between countries participating and any country not participating in the system.
- 3.3 In principle, interventions will be made in participating currencies.
- 3.4 Intervention in participating currencies is compulsory when the intervention points defined by the fluctuation margins are reached.
- 3.5 An ECU basket formula will be used as an indicator to detect divergences between Community currencies. A 'threshold of divergence' will be fixed at 75% of the maximum spread of divergence for each currency. It will be calculated in such a way as to eliminate the influence of weight on the probability to reach the threshold.
- 3.6 When a currency crosses its 'threshold of divergence', this results in a presumption that the authorities concerned will correct this situation by adequate measures, namely:
- (a) diversified intervention;
 - (b) measures of domestic monetary policy;
 - (c) changes in central rates;
 - (d) other measures of economic policy.

In case such measures, on account of special circumstances, are not taken, the reasons for this shall be given to the other authorities, especially in the 'concertation between central banks'.

Consultations will, if necessary, then take place in the appropriate Community bodies, including the Council of Ministers.

After six months these provisions shall be reviewed in the light of experience. At that date the questions regarding imbalances accumulated by divergent creditor or debtor countries will be studied as well.

- 3.7 A very short-term facility of an unlimited amount will be established. Settlements will be made 45 days after the end of the month of intervention with the possibility of prolongation for another three months for amounts limited to the size of debtor quotas in the short-term monetary support.
- 3.8 To serve as a means of settlement, an initial supply of ECUs will be provided by FECOM against the deposit of 20% of gold and 20% of dollar reserves currently held by central banks.

This operation will take the form of specified, revolving swap arrangements. By periodical review and by an appropriate procedure it will be ensured that each central bank will maintain a deposit of at least 20% of these reserves with FECOM. A Member State not participating in the exchange rate mechanism may participate in this initial operation on the basis described above.

4. The credit mechanisms

- 4.1 The existing credit mechanisms with their present rules of application will be maintained for the initial phase of the EMS. They will be consolidated into a single fund in the final phase of the EMS.
- 4.2 The credit mechanisms will be extended to an amount of 25 000 million ECU of effectively available credit. The distribution of this amount will be as follows:
 - Short-term monetary support = 14 000 million ECU
 - Medium-term financial assistance = 11 000 million ECU
- 4.3 The duration of the short-term monetary support will be extended for another three months on the same conditions as the first extension.
- 4.4 The increase of the medium-term financial assistance will be completed by 30 June 1979. In the meantime, countries which still need national legislation are expected to make their extended medium-term quotas available by an interim financing agreement of the central banks concerned.

5. Third countries and international organizations

- 5.1 The durability of EMS and its international implications require coordination of exchange rate policies vis-à-vis third countries and, as far as possible, a concertation with the monetary authorities of those countries.
- 5.2 European countries with particularly close economic and financial ties with the European Communities may participate in the exchange rate and intervention mechanism.

Participation will be based upon agreements between central banks; these agreements will be communicated to the Council and the Commission of the EC.

- 5.3 EMS is and will remain fully compatible with the relevant Articles of the IMF Agreement.

6. Further procedure

- 6.1 To implement the decisions taken under chapter A, the European Council requests the Council to consider and to take a decision on 18 December 1978 on the following proposals of the Commission:
 - (a) Council Regulation modifying the unit of account used by the European Fund of Monetary Cooperation, which introduces the ECU in the operations of the EMCF and defines its composition;
 - (b) Council Regulation permitting the EMCF to receive monetary reserves and to issue ECUs to the monetary authorities of the Member States which may use them as a means of settlement;
 - (c) Council Regulation on the impact of the European Monetary System on the common agricultural policy. The European Council considers that the introduction of the EMS should not of itself result in any change in the situation obtaining prior to 1 January 1979 regarding the expression in national currencies of agricultural prices, monetary compensatory amounts and all other amounts fixed for the purposes of the common agricultural policy.

The European Council stresses the importance of henceforth avoiding the creation of permanent MCAs and progressively reducing present MCAs in order to re-establish the unity of prices of the common agricultural policy, giving also due consideration to price policy.

- 6.2 It requests the Commission to submit in good time a proposal to amend the Council Decision of 22 March 1971 on the introduction of a mechanism for the medium-term financial support to enable the Council of Economics and Finance Ministers to take a decision on such proposal at their session of 18 December 1978.
- 6.3 It requests the central banks of Member States to modify their Agreement of 10 April 1972 on the reduction of margins of fluctuation between the currencies of Member States in accordance with the rules set forth above (see paragraph 3).
- 6.4 It requests the central banks of Member States to modify as follows the rules on short-term monetary support by 1 January 1979 at the latest:
- (a) The total of debtor quotas available for drawings by the central banks of Member States shall be increased to an aggregate amount of 7,9 billion ECU.
 - (b) The total of creditor quotas made available by the central banks of Member States for financing the debtor quotas shall be increased to an aggregate amount of 15,8 billion ECU.
 - (c) The total of the additional creditor amount as well as the total of the additional debtor amount may not exceed 8,8 billion ECU.
 - (d) The duration of credit under the extended short-term monetary support may be prolonged twice for a period of three months.

- B -

Measures designed to strengthen the economies of the less prosperous Member States of the European Monetary System:

1. We stress that, within the context of a broadly-based strategy aimed at improving the prospects of economic development and based on symmetrical rights and obligations of all participants, the most important concern should be to enhance the convergence of economic policies towards greater stability. We request the Council (Economic and Finance Ministers) to strengthen its procedures for coordination in order to improve that convergence.
2. We are aware that the convergence of economic policies and of economic performance will not be easy to achieve. Therefore, steps must be taken to strengthen the economic potential of the less prosperous countries of the Community. This is primarily the responsibility of the Member States concerned. Community measures can and should serve a supporting role.
3. The European Council agrees that in the context of the European Monetary System, the following measures in favour of the less prosperous Member States ef-

fectively and fully participating in the exchange rate and intervention mechanisms will be taken:

- 3.1 The European Council requests the Community institutions by the utilization of the new financial instrument and the European Investment Bank to make available for a period of 5 years loans of up to 1 000 million EUA per year to these countries on special conditions.
 - 3.2 The European Council requests the Commission to submit a proposal to provide interest rate subsidies of 3% for these loans, with the following elements:

The total cost of this measure, divided into annual tranches of 200 million EUA each over a period of five years shall not exceed 1 000 million EUA.
 - 3.3 Any less prosperous Member State which subsequently effectively and fully participates in the mechanisms would have the right of access to this facility within the financial limits mentioned above. Member States not participating effectively and fully in the mechanisms will not contribute to the financing of the scheme.
 - 3.4 The funds thus provided are to be concentrated on the financing of selected infrastructure projects and programmes, with the understanding that any direct or indirect distortion of the competitive position of specific industries within Member States will have to be avoided.
 - 3.5 The European Council requests the Council (Economics and Finance Ministers) to take a decision on the abovementioned proposals in time so that the relevant measures can become effective on 1 April 1979 at the latest. There should be a review at the end of the initial phase of the EMS.
4. The European Council requests the Commission to study the relationship between greater convergence in economic performance of the Member States and the utilization of Community instruments, in particular the Funds which aim at reducing structural imbalances. The results of these studies will be discussed at the next European Council.

Economic and social situation

The European Council has reviewed the economic and social situation in the Member States of the Community. It notes with satisfaction that since its meeting in Bremen the conditions for strengthening the process of economic growth in Europe have improved.

The Heads of State and Government have reported on the measures they have introduced. The European Council deems it imperative, particularly in view of the disturbing employment situation, to ensure the further rapid implementation of these measures. It reaffirms its view that only a common coordinated approach by all Member States can lead to greater convergence of

economic development in the European Communities. The efforts of all Member States to reduce inflation must therefore be intensified in order to ensure the durability of the European Monetary System.

The European Council asked the Commission to provide for its second meeting in 1979 a study of structural development prospects until 1990. This study should assess the consequences of structural changes for the economic and social situation in the Community.

The European Council welcomed the decision of the Labour and Social Affairs Council to extend the Social Fund to assist recruitment and job creation schemes for young people. In view of its continuing concern about youth unemployment the European Council asked the Labour and Social Affairs Ministers to keep the working of the new aid under review.

Tripartite Conference

The European Council has noted the results of the last tripartite Conference and calls upon the Governments of the Member States to take them into consideration in their economic and social policy decision-making.

The European Council holds the view that the dialogue between the social partners, the Governments of the Member States and the Commission of the European Communities promotes mutual understanding for economic and social policy exigencies and is therefore important for overcoming the problems of growth, stability and employment. The European Council therefore expresses the hope that the contacts between the social partners at European level will be continued.

The President of the European Council has informed the Council that the European Trade Union Confederation is elaborating proposals with a view to improving the methods of work of the tripartite Conference. The Council (Ministers of Economic Affairs and Finance and Ministers of Labour and Social Affairs) is requested to examine these proposals so that further action can be agreed with the social partners.

Terms of reference for the 'Committee of Wise Men'

In accordance with the proposal made by the President of the French Republic, the European Council agreed at its meeting in Brussels on 4 and 5 December to call upon a number of eminent persons with special knowledge of European affairs to give thought to such affairs.

The members of the Committee will be: Mr Barend Biesheuvel, Mr Edmund Dell and Mr Robert Marjolin.

The European Council invited the Committee to consider the adjustments to the machinery and procedures of the institutions which are required for the proper operation of the Communities on the basis of and in compliance with the Treaties, including their institutional arrangements, and for progress towards European Union. It emphasized the interest it attaches to having available specific proposals in this connection which may be implemented swiftly and which take into account experience to date and the prospective enlargement to Twelve.

The European Council requested the Committee to report back on its conclusions when the Council meets in October 1979.

Report on European Union

At the same meeting the European Council noted the reports by the Foreign Ministers and by the Commission on progress achieved in the past year towards European Union. The European Council confirmed the importance of the first direct elections to the European Parliament scheduled for 7 to 10 June 1979 and reaffirmed its determination to proceed further along the road to an ever closer union among the peoples of Europe. This, too, was the purpose of its decisions with regard to the European Monetary System and the setting up of a Committee of Wise Men.

The European Council reaffirmed the usefulness of reports on European Union and decided that, as in 1977, they would be published in an appropriate form.

Session of the European Council

Paris, 12 and 13 March 1979

Conclusions

Effective entry into force of the European Monetary System

Noting that all the conditions had now been met for the implementation of the exchange mechanism of the European Monetary System, as defined at the previous meeting of the Council on 4 and 5 December 1978, the European Council, meeting in Paris on 12 March 1979, resolved to implement it as from Tuesday 13 March 1979 as soon as the exchange markets opened.

Economic and social situation

The European Council noted that although there were several positive factors, the economic and social situation in the Community remained unsatisfactory in various respects.

Owing, in particular, to the concerted action laid down by the European Council in July 1978, which should be continued unflinchingly, a resumption in growth has been observed in most Member States. It should continue during the coming months unless the world economic situation is disturbed by a continuation of the tensions now being experienced on the oil market. In this respect, the European Council asked the Council (Ministers for the Economy and for Finance) to examine the possible consequences of these tensions on the Community's economic prospects.

While the rise in prices slowed down in 1978 and the differences between the rates of inflation in the various Member States were reduced, further tensions have become apparent in the first months of 1979. The fight against inflation must therefore continue to be the first objective of economic policy in the Member States, and primarily of those where prices are still rising fast. Its success is an essential condition for establishing the basis for stable and lasting growth. The European Council also noted that growth is currently strong in those countries with the lowest rates of inflation.

The balance-of-payments situation has improved in several Member States. However, there are still excessive differences between the various countries, which will have to be reduced. It is also likely to be compromised by the deterioration of the world oil situation.

In this context, the European Council noted that trade relations between Japan and the Community continue to be seriously out of balance, to the detriment of the latter. It expressed the wish that the consultations which the Commission has started with the Japanese Government should lead this year to substantial progress towards opening up the Japanese market to import of manufactured goods from the Community. The European Council also acknowledged the importance of the implementation of the Japanese Government's expressed intention to increase its official development aid significantly.

In spite of the resumption in growth, the employment situation continues to be a major anxiety. The continuation of the efforts made to improve economic structures is an essential factor for increasing employment. These efforts will have to be supplemented by specific measures designed to help to reduce unemployment.

Employment and social policy

The European Council devoted a large part of its proceedings to the employment situation and social policy. It acknowledged that priority should be given to improving the employment situation, which continues to give rise to concern.

The European Council emphasized the importance of consultation with both sides of industry at the national and Community levels. It welcomed the contribution by the Economic and Social Committee. The European Council noted with satisfaction the intention of the Ministers for Social Affairs to take the necessary measures to improve the work of the Community tripartite meetings between workers' representatives' organizations, employers' representatives' organizations and the Community. It invited both sides of industry to take the appropriate steps to develop their dialogue at Community level, where appropriate on a sectoral basis.

The European Council confirmed the importance it attaches to improving youth employment and its wish that the Council keep the new aids from the Social Fund in favour of this category under review. It instructed the Council to study the following measures which should help, along with others, to improve the employment situation:

- to make training better adapted to employment by developing staggered training schemes, i.e. by coupling practical training obtained through the exercise of an occupation at the place of work with theoretical training in a training establishment, body or department;
- to limit the systematic use of overtime;
- to improve the employment of women by encouraging diversification of the jobs open to them and giving women greater access to vocational training.

The European Council stressed the importance of the social measures taken by the Community in favour of workers in the iron and steel industry and other sectors in difficulty.

The European Council requested the Commission to continue its efforts to improve the effectiveness of the European Social Fund's action by directing its assistance more selectively in order to meet the current employment difficulties better.

The Council also noted the importance of a coordinated contribution by the various Community financial instruments to the intensification of the fight against unemployment.

The European Council requested the Council to report back to it at its next meeting on the practical measures which have been carried out following the guidelines given above.

The European Council asked the Commission to submit a communication on the social and economic implications of concerted worksharing.

Energy

1. The European Council observes that the current state of the world oil market confirms the urgent need to implement the decisions taken by the Community to reduce its dependence and contribute to an improved world energy balance.

The Community must accordingly continue and intensify its action in order to reach its medium-term objectives and to improve its immediate situation.

2. The Member States renew the undertaking given in Bremen in 1978 to reduce the level of the Community's dependence on energy imports to 50% by 1985. By that date the Community will limit its oil imports to the level reached in 1978. In 1979 the Community and the Member States will pursue a policy designed to reduce oil consumption to 500 million tonnes, i.e. around 25 million tonnes less than estimated.

The Community and the Member States will step up their efforts to make the best possible use of Community hydrocarbon and coal resources. The programmes for the production of electricity from nuclear sources must be strengthened and speeded up whenever conditions so permit; the use of solar and geothermal energy must likewise be further developed.

With regard to energy saving, the new measures taken at national or Community level must not adversely affect the level of economic activity in the Member States and will therefore be aimed particularly at the consumption of energy by Government departments and public authorities, heating of business and residential premises and at a more rational use of energy by motor vehicles. The price policies of the Member States must be designed for the attainment of these objectives.

The Council (Energy) will initiate an examination of the energy policies of the Member States. As regards production, it will ensure that these policies are convergent and will adopt joint objectives to support this convergence. It will adopt the necessary provisions at Community level to pursue the development of oil technologies, promote the use of coal and nuclear energy and make use of new sources of energy through an increased research and development effort and through demonstration projects.

As regards energy saving, the Council (Energy) will ensure that the Member States' policies are comparable, with particular reference to the efforts which they make to contribute to the solution of the current difficulties.

It will carry out the desired harmonization and will determine any additional means of intervention which might be applied at Community level.

3. To enable the Community and the Member States to face crisis situations:
 - the competent institutions of the Community must finalize the Community crisis mechanism, the principles of which were adopted in 1977;
 - the Council (Energy) will regularly take stock of national measures.
4. The European Council affirms its conviction that the present tension on the oil markets creates a worrying situation; any worsening in this situation would constitute a serious danger for the world economy.

Maintaining the balance of the world energy market presupposes major efforts by all countries: by importing countries, in particular the United States, Japan and the Community, which must slow down the growth in their requirements, and by producer countries which are responsible for the balanced management of their resources, thereby enabling the development of the world economy to continue.

In addition, the Community emphasizes the necessity of the dialogue with the producer countries. It supports the statement in which the Government of Saudi Arabia calls for rapid consultations between consumer and producer countries. It also supports the proposals recently made by the President of Mexico, Mr Lopez Portillo, regarding worldwide consultation on world energy problems.

The European Council emphasizes, in this connection, the need for the Community to supplement urgently its approach towards supply problems, particularly by as extensive and accurate a knowledge as possible of the quantities of oil and petroleum products imported into the Community, together with their prices, so that a full dialogue may be undertaken with the producers on the real state of the market. The European Council invites the Council (Energy) and the Commission to adopt, as a matter of urgency, all the necessary measures, particularly with regard to monitoring of the market.

Convergence

The implementation of the EMS, which will constitute an important contribution towards the development of stable and lasting growth in the Community, must be supported by increased convergence of the economic policies and performances of the Member States.

The European Council invited the Council (Economics and Finance) to strengthen the means of coordinating economic policies, on a proposal from the Commission. It took note with interest of suggestions which the Netherlands delegation made in this connection.

Achievement of the convergence of economic performances requires measures for which the Member States concerned are primarily responsible, but in respect of which Community policies can and must play a supporting role within the framework of increased solidarity.

The European Council took note of the communication which it had requested the Commission to draw up on this subject. It had an exchange of views on the means of arriving at improved convergence.

It emphasized the need for the Community institutions to ensure more efficient use of the existing instruments in order to attain this objective.

It invited the Council and the Commission to examine in depth how the Community could make a greater contribution, by means of all its policies taken as a whole, to achieving greater convergence of the economies of the Member States and to reduce the disparities between them.

To this end, it asked the Council to examine, in the light of the above guidelines, what action should be taken on the proposals contained in the above communication from the Commission and to submit a report at the next meeting of the European Council.

Common agricultural policy

The European Council had a detailed exchange of views on the common agricultural policy, in the light of a communication from the Commission. It confirmed the importance which it attaches to the fundamental objectives of this policy, which is one of the achievements in the construction of Europe.

It noted that growing imbalances on agricultural markets have led to an increase in expenditure on agricultural support.

It considered that a prices policy suited to the situation and a search for measures adapted to each type of production are likely to correct the imbalances which have become apparent on certain markets and to avoid the build-up of surpluses.

The European Council expressed its interest in the improvement of the agricultural structures policy, particularly in favour of the least-favoured regions of the Community, and invited the Commission to submit additional proposals in this sector.

Also, with a view to enlargement, the Council hoped that the efforts to improve structures undertaken in favour of the Mediterranean regions would be continued so that the interests of all agricultural producers in the Community received equal consideration.

The European Council invited the Council (Ministers for Agriculture) to examine those improvements which are necessary for the proper functioning of the common agricultural policy with due regard to the objectives laid down in the Treaty of Rome.

Session of the European Council

Strasbourg, 21 and 22 June 1979

Conclusions

Election of the Assembly of the European Communities

Wishing to demonstrate the importance and significance which it attaches to the first election of the members of the Assembly of the European Communities by direct universal suffrage, the European Council met on 21 and 22 June in Strasbourg, thereby underlining Strasbourg's European status.

The Heads of State and Government noted with satisfaction that the elections had gone smoothly and that they had helped to make the peoples of Europe more aware of their solidarity.

They welcomed the intention expressed by their Irish colleague of taking part, as President-in-Office of the European Council, in the inaugural meeting of the new Assembly in Strasbourg on 18 July.

They charged him on that occasion to express their joint conviction that the newly elected Assembly, taking its rightful place among the Community institutions, will serve the hopes and the ambitions of Europe.

European Monetary System

The European Council was informed of the conditions under which the European Monetary System had been set up and took the view that the initial stock-taking, now that the system had been in operation for three months, could be regarded as positive.

It attached particular importance to the strengthening of monetary cooperation and the development of the procedures for concerted action put in hand within the appropriate Community bodies. It expressed the hope that the preparations for setting up a European Monetary Fund would be expedited, so that the latter might be able, by the planned deadlines, to make an effective contribution towards stabilizing monetary relations and exchange rates within the Community.

It stressed the major political significance which the introduction of an area of monetary stability has for progress towards the organization of Europe.

Energy

- 1 The European Council held an exchange of views on the world energy situation. It stressed the urgent need for action in the face of the serious structural situation brought about by the development of a lasting imbalance between supply and demand for oil and the precariousness of world energy supplies, not only in the long term but also in the immediate future.

The European Council considers it vital that the consumer and producer countries together work out a world energy strategy designed to:

- ensure more moderate and rational use of oil as a non-renewable natural resource;
- permit continued economic growth no longer dependent on increased consumption of oil but based on the development of other energy resources;
- ensure that the developing countries are also able to obtain the energy necessary for their growth.

If such a strategy cannot be worked out, the world will rapidly move towards a large-scale economic and social crisis.

- 2 The European Council affirms the Community's will to play an exemplary role in this action. It recalls the decisions already taken at its meeting in March 1979 and, in particular, the objective to limit oil consumption in 1979.

The Council also expresses its resolve to continue and step up this effort to limit oil consumption and, through energy saving, the development of indigenous production and the progressive use of alternative energy, to maintain Community imports between 1980 and 1985 at an annual level not higher than that for 1978.

It will not be possible to make an effort of this magnitude unless an effort on the same scale is made at the same time by the other industrialized consumer countries, which must also restrict their oil imports.

Lastly, steps will have to be taken, in cooperation with the oil companies, to ensure that each country can obtain a fair supply of oil products, taking into account the differing patterns of supply, the efforts made to limit oil imports, the economic situation of each country and the quantities of oil available.

- 3 This effort will be accompanied by measures relating to the free markets, where prices bear no relation to those charged by the producer countries.

The Council welcomes the measures taken in this connection by the Council (Energy) to improve market surveillance. As regards the recording of international transactions, it requests the Council (Energy) to take the steps for which it has laid down the principles provided that the other industrialized States are prepared to take similar action. It invites the Member States and the Commission, which will take part in the Tokyo summit, to examine with the other participants in that meeting what additional steps should be taken. In the light of that examination the Council (Energy) will adopt the appropriate measures.

In the immediate future, the Member States declare their readiness to dissuade companies from lending themselves to transactions on these markets at excessive prices.

- 4 So that these efforts may continue in consonance with the growth of their economies, the Community and the Member States will continue and extend the redeployment of energy which has already begun. This redeployment will be based on the strengthening of the energy-saving measures already under way and be such as to enlist the use of nuclear energy, coal and, as soon as possible, other, alternative sources of energy.
- The Community has already made a major effort to save energy. It must strengthen national and Community programmes in order to encourage growth combined with low energy requirements, in particular by means of greater investment efforts in this area.
 - Without the development of nuclear energy in the coming decades, no economic growth will be possible. Nuclear programmes must therefore be given strong fresh impetus.

Nuclear energy must be used under conditions guaranteeing the safety of the population. In this connection, the European Council, whilst recalling that this matter is essentially the responsibility of national authorities, considers that existing bilateral and multilateral cooperation should be strengthened and developed. It highlighted the role of the International Atomic Energy Agency in this area.

- In view of the necessary change in oil imports, the use of coal in power stations must be stepped up without delay; its use in industry must also be encouraged. Special attention will be given to technological programmes to devise new processes for the extraction, transport and processing of coal.
- The European Council notes that the situation calls for national and Community research and development efforts in the energy sector to be stepped up by coordinating national action and joint programmes so that more tangible prospects may shortly be found for the economical use of new resources, especially solar and geothermal energy. Like nuclear energy, these 'clean' forms of energy will contribute to halting the build-up in the atmosphere of carbonic fumes caused by the use of fossil fuels.

Such research will also be directed at promoting new techniques for the use of conventional resources and achieving energy savings.

5. The decisions adopted today bear witness to the fact that Europe is ready to shoulder its responsibilities. Europe urges the other industrialized consumer countries to make efforts on a similar scale and to develop their national energy resources, failing which the Community's contribution to the world energy balance cannot play its full part.
6. The European Council appeals to the producer countries to take account of the importance of the world energy balance and harmonious economic development.

In conjunction with the other industrialized consumer countries, the Community and the Member States are prepared to establish contacts with the producer countries in an endeavour to define in common supply and demand prospects on the world oil market. To analyse the situation in this way will be to make it possible to pinpoint the difficulties and work out ways and means of remedying them, with all parties acting in concert. This analysis should most particularly concentrate on the oil-importing developing countries. To cut down on the industrialized countries' imports will be to improve developing countries' supply prospects. Furthermore, a major effort will have to be made to boost the output of their energy resources. On this score, the European Council is gratified at the action undertaken by the World Bank and declares its willingness to examine further improvements to its operations.

Over and above these forms of action, the European Council confirms its interest in an overall approach to world energy problems, on which the President of the United Mexican States has put forward some significant proposals.

7. The European Council instructs the Presidency to inform the other industrialized consumer countries and the producer countries of all the decisions adopted today.

Economic and social situation

The economic policies initiated a year ago in line with the common approach defined in the July 1978 European Council have helped to improve the outlook for growth and price trends in the Community.

The recent substantial changes in the supply and price of oil have however narrowed the margin for manoeuvre in economic policies, as regards both the rate of growth and the level of inflation.

Faced with this situation, the Council adopted the following guidelines:

- the economic policies of the Member States will be even more closely coordinated, in order to minimize the inflationary and depressive effects of the

increase in oil prices and its consequences for the level of growth and the employment situation;

- coordination of budgetary policies for 1980 is of particular importance in this context. Priority should be given to measures which enable a satisfactory level of growth to be attained in the Community through investment, while promoting modernization of economic structures;
- the struggle against inflation will continue. The major internal and external economic equilibria on which the competitiveness and growth of the economies of the Member States depend must be respected. Steps must be taken to ensure that the drain on real resources which the increase in oil prices entails are not compensated by nominal increases in incomes.

The European Council took note of the discussions which had taken place in the Council and Commission pursuant to the guidelines adopted at its meeting on 12 and 13 March, to contribute, by Community action, to improving the employment situation.

It took note of the Commission's interim communication on the discussions regarding work-sharing.

It confirmed the importance it attached to the active continuation, with the collaboration of both sides of industry, of the work it had asked to be undertaken, so that concrete proposals might be worked out rapidly.

Convergence

The European Council noted the report submitted to it by the Council (Economic and Financial Affairs) on the convergence of Member States' economic performances.

Following comments from a number of delegations, it asked the Commission to submit to the Council a reference paper describing the financial consequences of applying the budgetary system on the situation in each Member State, especially in 1979 and 1980. The study will have to take into account the economic, financial and social effects of each Member State's participation in the Community and the Community nature of the components contributing to the formation of own resources. For 1980, it will take account of the agricultural prices for the 1979/80 marketing year.

The Commission will at the same time examine the conditions under which the corrective mechanism decided on in 1975 can play its part in 1980 and the extent to which it fulfils the objectives assigned to it.

The Commission will submit its study to the Council so as to enable the Member States to give their opinions and present their requests in concrete form. In the light of the debate and of any guidelines which may emerge from the Council the Commission will present proposals sufficiently early to enable decisions to be taken at the next meeting of the European Council.

Japan

The European Council noted that the imbalance in trade relations between the Community and Japan was continuing and deepening. Wishing to expand and strengthen cooperation with Japan in all fields, it expressed the wish that the Japanese Government, bearing in mind the place and the responsibilities of Japan in the world economy, would help by means of appropriate measures to redress a situation which gave particular cause for concern. It hoped that the regular consultations between the Commission and Japan would rapidly result in wider openings for EEC exports on the Japanese market and enable broader and more equitable relations to be envisaged.

Refugees from Indochina

The Ministers of Foreign Affairs reported on the initiative which they had taken in proposing that an international conference meet under the auspices of the United Nations to discuss the problem of refugees from Indochina.

Stressing the dramatic nature of the problem and the urgent need to find an effective and humane solution, the European Council requested the Ministers to see to it that their initiative is successful and that in the meantime no decision is taken that might aggravate the situation.

Session of the European Council

Dublin, 29 and 30 November 1979

Conclusions

Economic and social situation

Prospects for the Community economy

The Heads of State or Government discussed developments in the Community economy and prospects for 1980, particularly in the light of the deflationary effects of the oil price increases. They recognized that despite the progress achieved by the coordinated economic approach agreed at the European Council in Bremen, the objectives sought, particularly maintaining growth and combating inflation, had not been achieved in full.

In an effort to overcome the current economic difficulties a common approach continues to be essential. Priority must be given to combating inflation. This is, in the medium and long term, a condition for solving the problems of growth, structural change and hence employment. The existence of the European Monetary System also underlines the necessity for a coordinated approach in tackling the balance-of-payments effects of the new oil price rises. The fight against inflation and unemployment should not be made more difficult through attempting to compensate by increases in money incomes for the real transfer of purchasing power which has taken place to the oil-producing countries.

Moreover, monetary policy should continue for the time being to support efforts to counter inflation. Modernization of and investments in Community industry must continue to enable it to adapt more quickly to new patterns of demand.

The present difficulties require an improved coordination of the economic and monetary policies of Member States. With this in mind, the European Council confirms its intention to set up the European Monetary Fund in accordance with the timetable envisaged. To this end, the European Council invites the Commission to submit for its next meeting in March 1980 a report setting out the progress made in this field and the difficulties encountered. Furthermore, the present difficulties require that the Community continue to pursue a common approach in conjunction with other

industrialized countries. The European Council reaffirmed its determination to conduct economic policies in line with the principle and strategy agreed at the European Council in Strasbourg.

Even with the downturn in the international economy the Community is expected to achieve at least a moderate rate of growth next year, and may avert acceleration in the rate of inflation.

The employment problem

The European Council discussed the serious unemployment situation in the Community. They agreed that the continuation and intensification of national and Community efforts to improve economic structures, primarily through increased investment, was of fundamental importance.

A more coordinated approach to employment problems should be defined. The European Council accordingly requests the Commission to submit proposals on specific measures which could be framed to promote more incisive Community action to deal with the unemployment problem.

The European Council noted the recent adoption by the Council of Ministers of a resolution on the reorganization of working time and asked the Commission to pursue their consultations with the social partners.

Telematics

The European Council discussed the questions raised in a Commission communication drawing attention to the importance of data technologies both for European industry and society. The European Council took note of the recommendations of the Commission and invited the Council (Foreign Ministers) to study a common strategy for the development of these technologies in Europe.

Convergence and budgetary questions

The European Council held an exchange of views on convergence and budgetary questions. They reaffirmed the conclusions reached at their meeting in Brussels and Paris that achievement of the convergence of economic performances requires measures for which the Member States concerned are primarily responsible, that Community policies can and must play a supporting role within the framework of increased solidarity and that steps must be taken to strengthen the economic potential of the less prosperous countries of the Community.

To these ends the European Council expressed its determination to promote the adoption of measures to improve the working of Community policies, to reinforce those policies most likely to favour the harmonious growth of the economies of the Member States and to reduce the disparities between these economies. They further declared the need, particularly with a view to the enlargement of the Community and necessary provisions for Mediterranean agriculture, to strengthen Community action in the structural field.

The European Council has carried out a thorough examination of the problem of the British contribution to the Community budget.

It was agreed that the Commission's proposals concerning the adaptation of the financial mechanism could constitute a useful basis for a solution which would respect Community achievement and solidarity. This solution should not result in raising the 1% VAT ceiling.

In addition, the Commission is asked to pursue the examination of proposals for developing supplementary Community measures within the United Kingdom which will contribute to greater economic convergence; and which will also lead to a greater participation by the United Kingdom in Community expenditure.

The Commission is requested to make proposals which will enable the Council of Ministers to pursue the search for appropriate solutions to be reached at the next meeting of the European Council. The President of the Council will convene the European Council as soon as the conditions for such a meeting have been fulfilled.

The European Council recognized the need to reach rapid Community solutions to the problems of fisheries, energy and organization of the market in sheepmeat within the framework of the principles laid down in the Treaty.

Energy

The European Council discussed the world energy situation, which remains very serious. In view of renewed price increases, continuing uncertainties about supply and production, and the changing structure of the world oil market, the European Council considers that efforts must be made both by producing and consuming countries to create greater stability. In the light of these needs the Community for its part must now develop a more effective energy policy.

The European Council requests the Council of Energy Ministers at its meeting on 4 December to take a final decision on national import objectives for 1980.

The European Council confirmed its resolve to develop indigenous energy resources, particularly coal, nuclear and hydrocarbons and to promote the research and development programmes in the energy field with particular regard to renewable energy sources.

The European Council concluded that, as energy problems affect all countries in the world, no lasting solution of these problems can be achieved without closer understanding and cooperation between the industrialized, the oil-producing and the non-oil producing developing countries. Efforts should be made to promote discussion with oil-producing countries with the object of adopting policies in both consumer and producer countries which would allow the transition to a better market equilibrium without serious damage to the economy of the world as a whole. The European Council considers it most desirable that significant and rapid progress be made in all international forums where energy is discussed, i.e. the United Nations, OECD (IEA) and the Economic Commission for Europe, with a view to establishing a consensus and achieving cooperation in the adjustments required by the changing situation in the world.

Reports on European Union

The European Council received and noted the reports by the Foreign Ministers and the Commission on the progress achieved towards European Union in the past year. The European Council noted the importance of developments in the past year towards the achievement of European Union and in particular:

- the signature of the instruments of accession of the Hellenic Republic to the European Communities;
- the establishment of the European Monetary System;
- the direct elections to the European Parliament.

The European Council affirmed the importance of these concrete steps in demonstrating the Communities' commitment to proceed towards and to create the conditions for further progress towards an ever closer Union among the peoples of Europe.

The European Council decided that, as has been done previously, the reports should be published in an appropriate form.

Report of the Committee of Wise Men

The European Council warmly thanked the Committee of Wise Men for the timely presentation of its valuable report on adjustments to the machinery and procedures of the Community institutions, prepared in discharge of the mandate given by the European Council in Brussels in December 1978.

The European Council asked the Foreign Ministers in the appropriate framework to examine the report with a view to preparing the discussion at the next meeting of the European Council.

The European Council decided to publish the report and agreed that the President of the Council would transmit a copy of the report to the Presidents of the other institutions for information.

Statements

Iran

1. The Heads of State or Government and the Foreign Ministers of the Nine, meeting in the European Council, considered the grave situation created by the occupation of the Embassy of the United States in Tehran and the holding of members of its staff as hostages in flagrant breach of international law.

2. The European Council strongly reaffirmed the statement which was issued by the Foreign Ministers of the Nine at their meeting of 20 November in Brussels. It is fundamental that diplomatic missions should be protected. The failure to uphold this principle and the taking of hostages to exert pressure on Governments are totally unacceptable. It is the duty of all Governments to oppose energetically such a breach of international law.
3. The nine Member States of the European Community fully respect the independence of Iran and the right of the Iranian people to determine their own future. They are conscious of the importance which the Iranian people attach to the changes which have taken place in their country. But in the same measure as they respect the rights of Iran they call on Iran to respect fully the rights of others and to observe the established principles that govern relations between States. Respect for these principles is essential to the effort to secure order and justice in international relations, which is in the interest of all States including Iran.
4. The Governments of the Nine, supported by public opinion in their countries, expressed in particular by the European Parliament, solemnly appeal to Iran to respect these fundamental rights and duties so long established in international law. They urge most strongly that the Iranian authorities take action immediately to release the hostages in complete safety and allow them to return to their own country.

Cambodia

1. The European Council expressed its deep concern at the tragic situation in Cambodia.
2. It recalled that the European Community and its Member States are contributing substantially to international relief efforts now under way. It emphasized the urgent need to ensure that international efforts to bring humanitarian relief to those in need in Cambodia and to Cambodian refugees in Thailand will be fully effective. It appeals to all those in a position to help and in particular to the parties most directly concerned to ensure that humanitarian relief will reach those in need.
3. It expresses its particular concern regarding the dangers confronting the refugee camps on the Thai-Cambodian border as a result of the continuing hostilities.
4. In the view of the Governments of the Nine a solution of the wider problems which confront Cambodia should be based on an independent and neutral Cambodia, with a genuinely representative government, free from any foreign military presence and maintaining friendly relations with all the countries of the region.

Session of the European Council

Luxembourg, 27 and 28 April 1980

Conclusions

Economic and social situation

Prospects for the Community economy

The European Council considered developments in the Community countries' economies and discussed their prospects for 1980, paying particular attention to the impact which the destabilizing effects of the sharp increase in oil costs would continue to have on growth and employment, on inflation and on the balance of payments.

The struggle against inflation and the correction of external imbalances continue to be basic priorities. This struggle calls for vigorous monetary and budgetary policies and price and income trends consistent with such policies.

Efforts will also have to be made to ensure that the growth rate remains as high as possible while still being compatible with the fundamental objective stated, in order to allow the investment necessary for the process of adjustment and restructuring of production capacity.

The European Council asked the Council (Economic and Financial Affairs) and the Committee of Governors to maintain close coordination of interest-rate policies in order to bring interest rates down from their present very high levels once circumstances permit.

The Council paid particular attention to the growing deficit in the developing countries' external accounts, the extent of the petroleum-producing countries' surpluses, the volume of international liquidity and the effects which these factors in combination might have on the stability of the international economic and financial system and on trade. The Council took the view that to deal with these problems it would be necessary to step up cooperation in appropriate forms between States and with the relevant international institutions. It invited the Council (Economic and Financial Affairs) to give particular attention to these problems.

With regard to employment, the Council agreed that the reduction of inflation was an important means of combating unemployment but that efforts within the Community to reduce structural unemployment should be stepped up and better coordinated, taking into account the proposals which the European Council had at its previous meeting asked the Commission to submit.

European Monetary System

The European Council examined developments on the exchange market in the first year of operation of the EMS and noted with satisfaction the System's resilience. It observed that despite severe economic and monetary disruption resulting in a general rise in interest rates, an increase in the average rate of inflation in the Community and a widening gap between the inflation rates of individual Member States, accompanied by renewed imbalances in international payments, the currencies participating in the System had proved to have a greater degree of cohesion than at any time since 1972.

The European Council pointed out that a reduction in economic disparities and the strengthening of the weaker economies were prerequisites for the development of the European Monetary System.

It reaffirmed the importance it attached to progress regarding coordination of Member States' economic policies. It therefore asked the relevant institutions to look into means of reducing economic disparities, particularly as regards inflation.

The European Council took note of the progress of studies concerning transition to the second stage of the System, confirmed its resolve to see the Community progress towards the objective of monetary integration and invited the relevant Community bodies to press ahead with work in order to move on to the institutional stage, involving definition of the ECU's role and the creation of the European Monetary Fund.

Energy

1. The European Council notes that the progressive deterioration of the oil market, the uncertainty of supplies and the high prices of crude oil are causing increasing difficulties for the economies of all the oil-consuming countries.
2. The European Council considers that the Community should closely coordinate its response to the immediate problems of oil supplies and invites the Council and the Energy Ministers to consider what further action is required taking into account the undertakings given by the Member States in the framework of the agreements on supplies in the event of a crisis, and with special reference to the possibility of increasing indigenous production of hydrocarbons.
3. In the longer term, the Community and the Member States must press ahead with action to reduce the Community's dependence on oil imports, making the most of the Community's own energy resources and taking further steps to develop a coordinated policy on the conservation and rational use of energy.

4. The Commission urged Member States to increase their efforts to develop nuclear programmes.
5. The European Council considers it essential that the Community pursue a policy of structural changes directed towards greater use of alternative sources of energy. Agreement on a strategy for 1990 is of the utmost importance in this connection.

The European Council reaffirmed its intention of making appreciable progress along this path at its next meeting in Venice.

6. The European Council accordingly invited the Council of Energy Ministers to review the energy programmes of the Member States so as to ensure coordinated attainment of the following objectives:
 - (a) the replacement of oil by alternative sources, and especially by coal and nuclear energy, should over the decade bring about a progressive reduction in the proportion of the Community's energy balance represented by oil;
 - (b) through energy-saving and the rational use of energy, the aims of economic development should be achieved with as little reliance as possible on a continued increase in energy consumption;
 - (c) the use of oil by industry, and particularly in electricity generation, must be reduced.
7. These structural changes could be speeded up by support at Community level, for a set period and subject to the financial constraints which the Community sets itself. The European Council invited the Council of Ministers to consider as a matter of urgency the steps proposed by the Commission to coordinate and regulate the development of a coherent energy policy within the Community.
8. The European Council affirmed its conviction that moderation in oil price increases is essential for the economic equilibrium of the world.

It reiterated the importance of international cooperation on energy matters. The Community is open to any constructive dialogue with the oil-producing countries. It is also ready to continue to play its own important part in helping to solve the problems suffered by the developing countries as a result of energy shortages.

Fisheries

The European Council - while noting that an agreement exists on the need for adoption as swiftly as possible of the decisions necessary for the introduction of a common fisheries policy,

together with a number of basic features of such a policy - found that there was still disagreement on the questions concerning the principle of equal access.

It agreed that the examination of this matter would be resumed by the Council composed of Ministers for Fisheries.

Agriculture

The European Council examined the conclusions which the Agriculture Council at its meeting on 27 and 28 April reached with regard to the points which are to form the basis of the decisions to be taken on agricultural prices and related measures for the 1980/81 marketing year.

It became apparent that opinions differed on this subject and the Council therefore agreed that the comments made by the various delegations, and the points of agreement and disagreement, would be communicated to the Agriculture Council which would resume its examination of all these matters at its next formal meeting with the aim of reaching an agreement as soon as possible.

Sheepmeat

The European Council took note of the discussions of the Agriculture Council on this topic. Differences of opinion became apparent and the Council accordingly agreed that delegations' comments would be communicated to the Agriculture Council and that the latter would resume its examination of the whole matter at its next meeting with the aim of reaching an agreement as soon as possible.

Report from the Committee of Three

The European Council took note of the work done to date by the Ministers for Foreign Affairs concerning the report on the adjustments to the machinery and procedures of the Community's institutions prepared by the Committee of Three pursuant to the mandate handed down by the European Council meeting in Brussels in December 1978.

The European Council dwelt particularly on the proposals put forward by the Three Wise Men concerning the composition of the Commission and the procedure for choosing its President.

The European Council agreed that the choice of the President of the Commission should continue to be the responsibility of the European Council and be made at least six months before his term of office begins.

Greece will be associated with this procedure.

The European Council invited the Ministers for Foreign Affairs to conclude examination of the report from the Committee of Three in good time for the next meeting of the European Council.

Brandt Report - North-South dialogue

The European Council took note of the Brandt Commission's report on relations between industrialized and developing countries and expressed its appreciation of the contribution which it had made in terms of both analysis and proposals.

The European Council noted that the position worked out by the European Community at the preparatory phase of the overall negotiations within the United Nations was very much in line with some of the proposals contained in the Brandt Report.

It is the Council's view that this report might usefully be taken into consideration in the drafting of the European position in the context of North-South relations.

Measures to combat pollution

The European Council, having heard a statement by the French delegation presenting a memorandum from the French Government on the safety of shipping and measures to combat pollution from hydrocarbons transported by sea, in particular in the English Channel, and bearing in mind the measures already taken in the area of prevention and control of marine pollution since its meetings in Copenhagen on 7 and 8 April 1978 and in Bremen on 6 and 7 July 1978, took note of the memorandum and asked the Community institutions to study it.

Conscious of the need to seek constant improvement in the quality of life and hence the environment by appropriate measures, the Council stresses the importance of undertaking concrete action to clean up the waters of the Rhine.

Declaration on the international situation

1. The Heads of State and Government and the Foreign Ministers examined the international situation. They expressed grave concern at the trend of recent events, especially in Afghanistan, Iran and the Middle East. They considered that these events now more than ever require of the Member States of the European Community that they show cohesion.
2. The European Council noted with deep concern that Soviet military forces have not been withdrawn from Afghanistan despite the condemnation of the international community expressed by the General Assembly of the United Nations and despite the repeated calls of the Nine and of the Islamic Conference and the ASEAN countries. The European Council reaffirmed the view of the Nine that a solution in accordance with the resolution of the United Nations General Assembly could be found in an arrangement which allowed Afghanistan to remain outside competition among the powers and to return to its traditional position as a neutral and non-aligned State.

Respecting the right of the Afghan people freely to determine their own future, they believe that to this end the great powers and the neighbouring States should undertake to respect the sovereignty and integrity of Afghanistan, to refrain from interference in its internal affairs and to renounce all forms of military presence or association with it.

The Nine are ready to support, in concert with friendly and allied countries, any initiative designed to promote such a solution, emphasizing that their own proposal is neither rigid nor exclusive. In this connection they believe that the Islamic and non-aligned countries have a particularly significant role to play.

3. Since the occupation of the United States Embassy in Teheran and the seizure of its staff as hostages, the Nine have repeatedly condemned this inadmissible violation of international law. They reaffirm their solidarity with the Government and people of the United States in their present time of trial.

They consider that the situation created by this violation opens the door to developments fraught with serious consequences. A return to a state of legality is the only way to ensure peace and security.

The European Council reaffirms the decisions taken by the Foreign Ministers of the Nine on 22 April in Luxembourg.

The Nine declare their full support for the steps which the Secretary-General of the United Nations intends to take to secure the release of the hostages.

4. The Nine reiterated their belief that only a comprehensive, just and lasting settlement can bring true peace to the Middle East.

The European Council, conscious that Europe may in due course have a role to play, instructed Foreign Ministers to submit a report on this problem on the occasion of its next session in Venice.

5. The European Council denounces the acts of violence committed in southern Lebanon against members of Unifil and demands that they should cease immediately, and that the Force be permitted to carry out in full its mandate from the Security Council.
6. At this time of crisis in world affairs the European Council believes that it is vital that international procedures for the management of the crisis and the easing of tension be used to the full and that the UN Charter and international law be fully upheld.

Session of the European Council

Venice, 12 and 13 June 1980

Summary by the Presidency

1. The conclusions reached on 29 and 30 May by the Council of Ministers of the Community were noted with satisfaction. These conclusions enabled a solution to be found to the problem of the United Kingdom's contribution to the Community budget, led to an agreement on 1980/81 farm prices and on the sheep-meat problem and defined the guidelines for a comprehensive common fisheries policy. The outcome of these discussions has led, *inter alia*, to finalization of the 1980 budget, thereby normalizing the working of the Community.

A key feature of the agreements thus reached is the Community commitment to implement structural changes which, by ensuring a more balanced development of common policies based on respect for their fundamental principles and by preventing the recurrence of unacceptable situations, will enable each Member State to become more closely identified with Community objectives and with the deepening process of European integration.

This commitment is a fundamental prerequisite especially bearing in mind the prospect of enlargement, if the Community is to be able to meet its internal and international responsibilities authoritatively and effectively; to respond to the expectations of the citizens of Europe with ever closer solidarity between Member States in the various sectors of political, economic and social activity; to promote greater convergence and the harmonious development of their economies, help to reduce the disparities between the various regions and the ground to be made up by the less well-off; in short, to realize in full the objectives enshrined in the Treaties, in total compliance with the ideals underlying the grand design of European unification.

2. A review of the economic and social situation confirmed the judgments expressed at the European Council meeting on 27 and 28 April 1980.

In particular, the keenest concern was expressed at the hardening inflationary pressures, which represent the gravest of threats to the stability and to the development of the Member States' economies; these pressures also pose a threat

because of the varying degrees to which they are evident in the various countries of the Community.

The major short-term objective must be to contain inflation. This should be done by means of appropriate monetary and fiscal policies, coupled with measures designed to sustain investment and to cope with the employment situation while keeping external imbalances within acceptable bounds.

Given the slowdown in demand which is appearing in other major economic areas, stress was laid on the importance of action to ensure that the risk of a general recession in demand is averted through appropriate international collaboration.

3. In the face of the increasingly disturbing employment situation, particularly as regards young people, there was reaffirmation of the priority need, in some of the Member States, for short-term structural measures in the context of an active employment policy.

It is essential that the Community should be in a position systematically to evaluate the impact of employment on the various Community policies from the time of their inception, to ensure a better coordination of employment policies at Community level and to harmonize Community action in the field of economic policy with that taken in the social and employment fields.

The outcome of the Social Affairs Council on 9 June was noted with satisfaction, especially as regards the consultations between employers and labour. The Council is asked to continue its proceedings with a view to achieving the above objectives, on the basis of periodic reports from the Commission on the employment situation.

4. In the belief that in 1980 the decline in growth rates in the various industrialized areas would be quite sharp, among other things because of the rise in crude oil prices, the commitment to take an active part in strengthening the open and multilateral international trade system was renewed, in accordance with the statement by the member countries of the OECD at the ministerial meeting on 3 and 4 June. In particular, the hope was expressed that all the industrialized countries would do their utmost to confront and resolve the outstanding trade problems, adopting solutions in line with the content and spirit of the outcome of the multilateral trade negotiations.
5. With reference to the conclusions of the European Council in Luxembourg on 27 and 28 April, a further examination of the international monetary situation took place. This was seen still to be dominated by the problems of the huge balance-of-payments disequilibria stemming from recent oil price increases. Righting of these imbalances can only be effected in the long term by means of stabilization of the terms of trade and the necessary real adjustments to our economies.

The recycling of oil surpluses can in the short term attenuate the negative effects of these imbalances. This process, to which the private capital market has

an essential contribution to make, must be backed up by development of the role of international financial institutions.

6. Stress was laid on the primary importance of the North-South dialogue for the stability of international relations. It is intended that a further boost should be given to cooperation with the developing countries. This should contribute, on the basis of interdependence and mutual advantage, to creating the degree of economic expansion required, in the context of a restructuring of international economic relations, to enable the developing countries to make rapid progress.

With this in view, the need remains for a political commitment to the global negotiations, to finalizing the third international development strategy, to the agreements on the statutes of the Common Fund for the stabilization of raw material prices and the continuation of the negotiations on commodities.

Much is expected of the eleventh special session of the United Nations General Assembly. The report of the Brandt Commission could, it is felt, make a particularly interesting contribution to its successful outcome.

Inevitably, concern was expressed about the effect on development policy of the continuing increases in crude oil prices and of the economic and political tensions to which these have given rise.

7. Particular attention was devoted to the worsening international energy crisis. The decisions of the Council of Ministers (Energy) on 13 May and 9 June to reduce the ratio between the growth of GNP and increased energy consumption and the share of oil in the Community's energy budget were noted with satisfaction. The keenest concern was expressed at the further pressures for a price increase brought to bear in Algiers; it was pointed out that no objective grounds existed for increasing the price of crude at the present time.

The repetition of such increases constitutes an obvious threat to international stability. Its effects upon the phenomenon of inflation and consequently upon economic expansion, investment, employment and the balance of payments give rise to intolerable burdens for the industrialized regions and even more so for the emergent countries, the latter being confronted with truly insoluble problems of readjustment which can clearly not be resolved by recycling alone.

These aspects of the crisis, which will be highlighted at the forthcoming economic summit, must be given their full weight.

The Community remains willing to enter into a dialogue with all the countries concerned. It regrets, however, that the recent OPEC decisions may have made such a dialogue more difficult to achieve.

Middle East

1. The Heads of State or Government and the Ministers of Foreign Affairs held a comprehensive exchange of views on all aspects of the present situation in the Middle East, including the state of negotiations resulting from the agreements signed between Egypt and Israel in March 1979. They agreed that growing tensions affecting this region constitute a serious danger and render a comprehensive solution to the Israeli-Arab conflict more necessary and pressing than ever.
2. The nine Member States of the European Community consider that the traditional ties and common interests which link Europe to the Middle East oblige them to play a special role and now require them to work in a more concrete way towards peace.
3. In this regard, the nine countries of the Community base themselves on Security Council Resolutions 242 and 338 and the positions which they have expressed on several occasions, notably in their declarations of 29 June 1977, 19 September 1978, 26 March and 18 June 1979, as well as in the speech made on their behalf on 25 September 1979 by the Irish Minister of Foreign Affairs at the thirty-fourth United Nations General Assembly.
4. On the bases thus set out, the time has come to promote the recognition and implementation of the two principles universally accepted by the international community: the right to existence and to security of all the States in the region, including Israel, and justice for all the peoples, which implies the recognition of the legitimate rights of the Palestinian people.
5. All of the countries in the area are entitled to live in peace within secure, recognized and guaranteed borders. The necessary guarantees for a peace settlement should be provided by the UN by a decision of the Security Council and, if necessary, on the basis of other mutually agreed procedures. The Nine declare that they are prepared to participate within the framework of a comprehensive settlement in a system of concrete and binding international guarantees, including guarantees on the ground.
6. A just solution must finally be found to the Palestinian problem, which is not simply one of refugees. The Palestinian people, who are conscious of existing as such, must be placed in a position, by an appropriate process defined within the framework of the comprehensive peace settlement, to exercise fully their right to self-determination.
7. The achievement of these objectives requires the involvement and support of all the parties concerned in the peace settlement which the Nine are endeavouring to promote in keeping with the principles formulated in the declaration referred to above. These principles apply to all the parties concerned, and thus to the Palestinian people, and to the PLO, which will have to be associated with the negotiations.

8. The Nine recognize the special importance of the role played by the question of Jerusalem for all the parties concerned. The Nine stress that they will not accept any unilateral initiative designed to change the status of Jerusalem and that any agreement on the city's status should guarantee freedom of access for everyone to the Holy Places.
9. The Nine stress the need for Israel to put an end to the territorial occupation which it has maintained since the conflict of 1967, as it has done for part of Sinai. They are deeply convinced that the Israeli settlements constitute a serious obstacle to the peace process in the Middle East. The Nine consider that these settlements, as well as modifications in population and property in the occupied Arab territories, are illegal under international law.
10. Concerned as they are to put an end to violence, the Nine consider that only the renunciation of force or the threatened use of force by all the parties can create a climate of confidence in the area, and constitute a basic element for a comprehensive settlement of the conflict in the Middle East.
11. The Nine have decided to make the necessary contacts with all the parties concerned. The objective of these contacts would be to ascertain the position of the various parties with respect to the principles set out in this declaration and in the light of the results of this consultation process to determine the form which such an initiative on their part could take.

Euro-Arab Dialogue

The Nine noted the importance which they attach to the Euro-Arab dialogue at all levels and the need to develop the advisability of holding a meeting of the two sides at political level. In this way, they intend to contribute towards the development of cooperation and mutual understanding between Europe and the Arab world.

Lebanon

The Nine reiterate once again their total solidarity with Lebanon, a friendly country whose equilibrium is seriously jeopardized by the clashes in the region, and renews its urgent appeal to all the countries and parties concerned to put an end to all acts liable to affect Lebanon's independence, sovereignty and territorial integrity as well as the authority of its government. The Nine will support any action or initiative likely to guarantee the return of peace and stability in Lebanon, a factor which constitutes an essential element in the equilibrium of the region.

The Nine stress the importance of the role which should be played by the United Nations Interim Force in Lebanon (Unifil) in southern Lebanon. The Nine recall the declaration which they made in Luxembourg on 22 April and stress that it is essential for all the parties concerned to allow the Unifil to implement to the full the mandate assigned to it, including that of taking control of the territory up to the internationally recognized boundaries.

Afghanistan

The European Council has noted with deep concern the intensification of the military operations conducted by the Soviet troops in Afghanistan.

These dramatic developments are increasing still further the sufferings of the Afghan people. They emphasize the genuinely national nature of the resistance offered by an entire people. They threaten to jeopardize the climate of international relations for a long time to come.

Under these circumstances, the European Council wishes to reassert its conviction that it is necessary to outline without delay the means of reaching a solution which, in keeping with the resolution of the United Nations General Assembly, would ensure the withdrawal of Soviet troops and the free exercise by the Afghan people of the right to determine their own future. It has reiterated its view that a solution could be found in an arrangement which allowed Afghanistan to remain outside the competition among the powers and to return to its traditional position as a neutral and non-aligned State.

It recalls that it proposed in Luxembourg, on 28 April, that the great powers and the neighbouring States should undertake the necessary commitments to this end: in particular, they should agree to respect the sovereignty and integrity of Afghanistan, to refrain from any interference in its internal affairs and renounce any stationing of troops on its soil or any form of military association with it.

The European Council shares the concern expressed and the conclusions drawn by the eleventh Conference of Foreign Ministers of Islamic States on the continued Soviet military presence in Afghanistan and has noted with great interest the creation by this conference of a committee to seek ways and means for a comprehensive solution of the grave crisis in respect to Afghanistan.

The Council repeated its readiness to support any meaningful initiative designed to promote a solution of the Afghan crisis.

Session of the European Council

Luxembourg, 1 and 2 December 1980

Conclusions

In the face of the disquiet caused by developments in the international situation, the European Council is conscious of the responsibilities devolving upon Europe.

The Council considers that Europe's experience and resources make it one of the essential factors of equilibrium and peace in the world.

It is in the context of the solidarity which unites a strong America and a Europe confident of itself and of its role that dialogue and coordination between them will best serve the cause of peace and freedom.

The European Council will therefore ensure that Europe acquires greater cohesion and that its voice is heard.

Earthquake in southern Italy

The European Council expresses its deep emotion in the face of the disaster which has struck part of southern Italy. The Heads of State or of Government of the Member States of the Community and of Greece wish to convey their deepest sympathy to the stricken population, to the families mourning their dead, and to all those who, in these tragic circumstances, are suffering the destruction of their homes or the loss of their means of livelihood.

The peoples of the Member States of the European Community cannot remain indifferent to these tragic events. Over and above the spontaneous aid rendered by the Governments and other public authorities as well as by a multitude of citizens and associations in all our countries, it is the duty of the Community and its Member States, in the name of solidarity, to provide exceptional assistance in the present circumstances to the stricken areas.

The Council of the European Communities is invited to decide without delay, on a proposal from the Commission and as part of the normal budget procedure, to supplement the emergency aid with exceptional aid measures designed to make an effective contribution, mainly through a loan with an interest-rate subsidy, to the reconstruction programme in the affected areas in order to

mitigate the effects of the disaster on the economic and social situation of the regions concerned and to ensure that these measures can be effective as soon as possible.

Economic and social situation

The European Council noted that the repeated increases in the price of oil forced upon the consumer countries are the main cause of the world recession. Any further increase in the price of oil would also have serious consequences for the non-oil-producing developing countries.

The European Council considers that the prospects for the European economy have never required more vigilant attention.

The European Council is particularly concerned at the rapid increase in unemployment in the Member States of the Community. It reaffirms that the reduction of rates of inflation and improvements in the competitiveness of undertakings by suitable investments facilitating the necessary structural adjustments are the most appropriate ways of achieving improved growth and combating unemployment on a lasting basis. A combined effort by Governments with the collaboration of employers' and labour organizations is essential to cope with this situation. The various Community instruments must continue to serve, first and foremost, policies aimed at reducing structural unemployment and at improving infrastructure and the economic situation of the less favoured rural regions.

A special effort should be made in the Community and in all Member States to assist young people to find employment and to ensure that their training is geared to requirements.

The European Council reaffirms the importance in its view of a dialogue with employers' and labour organizations, and of coordination and exchanges of information between Member States on their employment policies. The Commission will intensify its studies, on the basis of which the Council, jointly composed of Economic Affairs, Finance and Social Affairs Ministers, will be required to consider the matter further.

The European Council draws attention once more to the pledges of all the Community Member States to reduce their dependence on oil by energy saving and by having recourse to other energy sources, including coal and nuclear power, and to do their utmost to prevent artificial stresses from occurring on the oil market. In this connection, the European Council noted the conclusions reached by the Council (Energy) on 27 November.

Financial questions and the EMS

The European Council examined the developments which had occurred since its last meeting in Venice in the monetary and financial spheres, both internationally and in the Community context.

It noted that payments imbalances remained a source of tension in international monetary and financial relations and particularly affected certain developing countries. It considers that the maintenance of a stable international monetary and financial system is a prerequisite if policies for the adjustment and recycling of capital are to contribute in parallel and in an orderly manner towards

overcoming the existing imbalances and if the measures taken to benefit the developing countries are to be pursued effectively. The European Council stressed that the work undertaken by the competent international institutions to work out solutions to the financial problems raised by the repeated increases in oil prices and to the needs of the developing countries should be actively pursued, with due regard for the independence and competence of the Bretton Woods institutions. It confirmed that the Community Member States would coordinate their positions in these discussions.

The European Council notes that the European Monetary System worked out two years ago has operated in an exemplary fashion despite all the new events which have occurred since then on the international scene. It has thus made an essential contribution towards establishing an improved monetary order, both at Community level and in order to respond better to the problems arising in international monetary relations.

It considers that the work in hand on the Community's monetary problems will have to be actively continued by the Council of Ministers particularly as regards adjustment of Community balance-of-payments loans and the gradual development of the use of the ECU. It noted the intention of the Council of Ministers and of the Committee of Governors to renew the agreements on medium-term assistance and the swap arrangements which form an integral part of the European Monetary System. It notes that all these measures will contribute to the further strengthening of the zone of monetary stability and solidarity in Europe. It also confirms the need to coordinate policies on interest rates and on exchange rates vis-à-vis non-member countries and as far as possible to act in concert with the monetary authorities in those countries.

The European Council confirms its determination to continue strengthening the European Monetary System until its transition to the institutional stage at the appropriate time. It calls upon the Commission and the Council of Ministers to continue their work.

Industrial innovation and development

The European Council examined with interest the Commission communication on innovation.

It considers that, in the necessary adjustment of their industrial structures, Community undertakings must aim resolutely at applying and developing activities based on an innovatory approach. This effort must be undertaken in conjunction with both sides of industry as a necessary component of an active policy on employment.

It hopes that the efforts made in this direction by the Member States will be better coordinated in order to improve the competitiveness of European products by making the best use of the dimension afforded by the common market. It requests the competent authorities of the Community to examine ways of eliminating the fragmentation of markets and improving incentives to innovation and the dissemination of knowledge.

International trade

The European Council emphasized the importance of keeping the world's trading system open under free and fair conditions. In this connection, they endorsed the Council's statement of 25 November about the Community's relations with Japan.

Mandate given to the Commission on 30 May 1980

The European Council referred to the mandate given to the Commission of the European Communities to carry out by the end of June 1981 an examination of the further development of Community policies, without calling into question either the common financial responsibility for these policies, which are financed from the Community's own resources, or the basic principles of the common agricultural policy.

Taking account of the situations and interests of all Member States, this examination will aim to prevent the recurrence of unacceptable situations for any of them.

Report of the Three Wise Men

The European Council examined the Report of the Three Wise Men on the basis of a detailed study made by the Ministers of Foreign Affairs.

The European Council found that the depth of the analysis of the institutional situation and the realism of the solutions proposed by the Three Wise Men - solutions based on a balanced assessment of the Community's problems and needs and the appropriate means for dealing with them - make of this report a rich source of ideas and suggestions for improving the machinery and procedures of the Community's institutional system.

It is because these ideas and suggestions are so plentiful that the European Council's deliberations, and the specific conclusions to which they give rise for the time being, do not entirely cover all the suggestions in the report of the Three Wise Men, nor do they exhaust the matter. Independently of any decisions which may be taken in the near future, the report is and will continue to be a fertile seedbed of ideas and suggestions on which the institutions and the Member States may draw for their deliberations on the Community's institutional system.

The European Council wishes to thank the Foreign Affairs Ministers for their study, which has formed the basis for the conclusions which it has reached and which will be published.

European Union

The European Council took note of the reports from the Ministers for Foreign Affairs and the Commission on the progress made towards European Union in the past year. It decided that, as in the past, these reports will be published in a suitable form.

The Middle East

The European Council reviewed the action taken by the Nine since the adoption of the Venice Declaration on the Middle East.

The Council heard the report of Mr Thorn on the mission which he carried out on behalf of the Nine in accordance with paragraph 11 of the Venice Declaration. It noted that this mission had made clear the great interest aroused by the position taken up by Europe and that in this respect it had been a success.

The results of the mission confirm that the principles of the Venice Declaration incorporate the essential elements for a comprehensive, just and lasting settlement to be negotiated by the parties concerned. They reinforce the Nine's determination to contribute to the search for such a settlement.

In this spirit the European Council approved the decision of the Ministers for Foreign Affairs to undertake consideration of the matter with the aim of clarifying and giving substance to the Venice principles. This consideration has resulted in the drafting of a report on the principal problems relating to a comprehensive settlement under the following headings: withdrawal, self-determination, security in the Middle East, Jerusalem.

The report emphasizes that the measures envisaged under these four headings should form a coherent whole and should therefore be coordinated carefully.

The European Council was in agreement on this approach.

It noted that different formulas were possible to give substance to some of the Venice principles, in particular on the duration of the transitional period leading up to the electoral procedure for self-determination, the definition of the provisional authority for the vacated territories, the conditions and modalities for self-determination, the guarantees of security, and Jerusalem.

With a view to a more thorough exploration of these formulas and with the determination to encourage a climate more favourable to negotiations, the European Council considered it necessary that new contacts be established with the parties concerned side by side with continued discussions within the Community.

The European Council accordingly instructed the Presidency-in-Office to undertake these contacts in consultation with the Ministers for Foreign Affairs.

The Council also asked the Ministers to continue their discussions with due regard for developments in the situation and to report back to the Council.

The European Council laid down this action programme in order to provide a more consistent platform designed to bring the parties concerned closer together.

East-West relations

The European Council held a detailed exchange of views on developments in East-West relations.

- I. On the question of the Madrid meeting, the European Council stressed the importance which the Nine attached to the CSCE process and their willingness to continue it. It pointed out that compliance by all concerned with the principles of the Helsinki Final Act is both the basis of this process and a precondition of its continuation.

It affirmed the determination of the Nine not to be content with apparent results in Madrid but to achieve genuine and balanced progress in the various chapters of the negotiations. In particular, it confirmed with this in mind the support which the Nine had already expressed in their declaration of 20 November 1979 for the proposed European Disarmament Conference, the first stage of which would be the drafting of binding and verifiable confidence measures to apply to the entire European continent.

- II. The European Council expressed its sympathy for Poland and outlined the position of the Nine as follows:
 1. In their relations with Poland, the Nine conform and will conform strictly to the United Nations Charter and to the principles of the Helsinki Final Act.
 2. In this context, they would point out that in subscribing to the principles, the States signatory to the Final Act have undertaken in particular to:
 - respect the right of every country to choose and freely develop its own political, social, economic and cultural system as well as to determine its own laws and regulations;
 - refrain from any direct or indirect, individual or collective intervention in internal or external affairs which fall within the national competence of another signatory State regardless of their mutual relations;
 - recognize the right of all people to pursue their own political, economic, social and cultural development as they see fit and without external interference.
 3. The Nine accordingly call upon the signatory States to abide by these principles with regard to Poland and the Polish people. They emphasize that any other attitude would have very serious consequences for the future of international relations in Europe and throughout the world.

4. They state their willingness to meet, insofar as their resources allow, the requests for economic aid which have been made to them by Poland.

Lebanon

The European Council again devoted its attention to the situation in Lebanon, where the latest developments are continuing to give rise to serious anxiety.

The Nine wish to reaffirm that the unity, independence, sovereignty and territorial integrity of Lebanon must be fully respected. This is essential to enable the legitimate Government of Lebanon to restore peace throughout the country. Lebanon belongs to the Lebanese: it is for them alone to establish the rules of their coexistence.

It is in this spirit that the Nine make a fresh appeal for the integrity of the borders of Lebanon and the safety of its people to be respected. Respect for the international boundaries of Lebanon is one of the essential factors in the security and stability of the region.

As they declared in Venice on 13 June, the Nine trust that Unifil will be enabled to fulfil the assignment given to it by the Security Council.

The European Council reaffirms that one of the aims of the Nine's action in the interests of peace in the Near East is to restore the integrity of Lebanon's borders and to enable it once more to exercise its national sovereignty in full.

Jordan/Syria

The European Council noted with concern the situation which has arisen between Jordan and Syria, two states with which the Nine have long enjoyed close relations. They called upon the governments concerned to exercise restraint and to resolve any disagreements by peaceful means, including the possibility of action in the United Nations.

Session of the European Council

Maastricht, 23 and 24 March 1981

Conclusions

Economic and social situation

The European Council devoted a considerable part of its meeting to a detailed and searching review of the present state of the European Community.

There was unanimous agreement that in the present difficult economic conditions the Community remains an essential achievement and an indispensable instrument for limiting the effects of the recession and bringing about the return, on a sound and stable basis, of sustained economic growth and satisfactory levels of employment. To achieve this purpose and reduce the level of inflation the European Council concluded that the continuation of prudent monetary policies, a healthy budgetary management, and the reorientation of public and private expenditure in the direction of productive investment are major elements. The European Council expressed the view that the reinforcement of the economic structure of the Member States requires an effort that must be maintained over a number of years and that short-term demand stimuli will turn out to be ineffective.

The European Council welcomed the recent economic measures taken by the Governments of some member countries.

In the field of monetary policy, an intensification of the dialogue with the United States of America is desirable, in particular with a view to achieving a concerted attitude on monetary policy and interest rates. The European Council requested the Council (Ministers of Finance) to act accordingly and also to pursue its work with a view to making the best possible use of the mechanisms of the European Monetary System.

High and divergent inflation rates are a threat both to the prospects of growth and to the economic and monetary cohesion of the Community. In this context the European Council also discussed the effects caused by rigid systems of indexation of incomes and expressed the opinion that an adjustment of such mechanisms should be considered.

The high and rising rates of unemployment, especially among youth, are a cause of deep concern to the European Council. It was agreed that the fight against this evil should be conducted, not only by the Member States, but also at the Community level. The basic requirement for a gene-

ral turn for the better lies in the recovery of the employment situation in the private sector. A lasting improvement in this situation requires a structural reinforcement of the European economy through cost restraint and a rise in productive investments and productivity. The European Council considers that in the present situation intensive consultation with the social partners is of vital importance.

In this context the European Council recalled its earlier conclusion with regard to the Joint Council of Ministers of Economic Affairs, Finance, Social Affairs and Employment to consider general economic and social problems and in particular unemployment. It stressed its conviction that a thorough preparation of such a Council meeting is of the highest importance.

The pursuit of a coherent energy policy remains of great importance for the reinforcement of the European economy. Reduction of dependence on imported oil and the utilization of alternative fuels are vital to employment and the balance of payments.

With regard to the future development of the Community, proposals on the restructuring of Community policies in accordance with the decisions taken on 30 May 1980 will be presented in time for consideration at the European Council's next meeting.

The European Council has discussed the problems of fisheries. It expressed concern at the failure to reach agreement because of its effects on European integration and on those who work in the fisheries sector. It therefore invited the Council (Ministers of Fisheries) to meet this week to resolve the problems.

The European Council requested the Council (Ministers of Agriculture) to continue and to intensify its discussions on the proposals on agricultural prices and economies for 1981/82 with the will to reach agreement by 1 April 1981.

The development of other Community policies remains an urgent task if the Community's viability is to be assured in the longer term and if the goals of economic convergence are to be reached.

With regard to industry, coordinated efforts should be made to foster the development of high-technology and innovative enterprises in order to increase the competitive strength of the European economy. Restructuring of industries should be allowed to proceed in an orderly fashion with due regard to the maintenance of conditions of fair competition and to the social aspects.

Member States should refrain from engaging in a competitive escalation of State aid to industry which would, in the end, be self-defeating and destructive. In particular, the restructuring of the steel industry is a priority objective. The European Council supports all the elements of the conclusions of the Council (Industry) on 3 March. It stresses particularly the need to maintain the unity of the market, by scaling down and gradually eliminating the State aid and by reducing less competitive capacities.

The Community can further contribute to economic recovery by fully utilizing existing mechanisms for policy coordination and by ensuring that the existing funds and financial mechanisms contribute as much as possible to agreed social and economic objectives and the reduction of unemployment. Particular attention should be given in this context to the possibilities of providing advanced technological training and education for youth.

The European Council believes that in so doing the European Community can successfully traverse the period of economic recession and contribute significantly to the return of more favourable conditions.

Spain

The European Council expressed its great satisfaction at the reaction of the King, Government and people of Spain in the face of the attacks recently made against the democratic system of their country.

This reaction strengthens the political structures which will enable a democratic Spain to accede to the democratic community represented by the European Community.

North-South relations

The European Council stressed and reconfirmed the advantage of the opening of concrete negotiations between the industrialized countries and the developing countries with regard to serious international economic problems. With an eye to this and to the international conferences foreseen, the European Council instructed the General Affairs Council to examine the Commission proposals on Community policy in the North-South dialogue and to report to it at its next meeting in June.

European passport

The European Council expressed its satisfaction with the substantial progress recently made with regard to the introduction of a European passport.

Seat of the institutions

The Heads of State and of Government decided unanimously to confirm the status quo in regard to the provisional places of work of the European institutions.

Middle East

The European Council took note of the interim report by Mr C.A. van der Klaauw, the President-in-Office, on the initial results of the Middle East mission which he is at present carrying out on behalf of the Ten on the basis of the Venice Declaration of 13 June 1980 and the Luxembourg Declaration of 2 December 1980. The Council noted with satisfaction the welcome given to the mission to date and considered as encouraging the attention and interest with which the parties so far consulted viewed the European efforts.

In the light of the consultations Mr van der Klaauw will hold during the weeks to come, a final report will be presented to the meeting of the European Council on 20 and 30 June 1981.

Lebanon

The European Council notes with great concern the latest developments in southern Lebanon, which have led to the tragic deaths of three Nigerian Unifil soldiers stationed there in the cause of reestablishing peace and security in the region.

As the European Council has stated on many occasions, the independence, sovereignty and territorial integrity of Lebanon must be fully respected.

The European Council considers that only the complete implementation of Unifil's mandate can create the conditions necessary for a progressive return of the south of the country to Lebanese sovereignty.

In order to enable Unifil to carry out its mandate in its entire area of operations up to the internationally recognized boundaries, the ten Member States of the European Community, some of which contribute troops to Unifil, call for the immediate and full cooperation of all interested parties.

In this connection, the European Council supports the statement made on 20 March 1981 by the current President of the Security Council warning against the placing of any obstacle in the way of the efforts of Unifil to discharge its mandate in full.

Afghanistan

The European Council notes with grave concern that the military operations by Soviet troops against the Afghan people, who are resisting this external interference, continue without interruption. The tragic course of events in Afghanistan constitutes a severe ordeal for the Afghan people and expresses itself in the form of a massive flood of refugees who are a heavy burden for neighbouring countries, in particular for Pakistan. The developments in Afghanistan remain a threat to the stability of relations in the region and worldwide.

In face of the situation resulting from the Soviet invasion of Afghanistan, the European Council has called many times, and in particular at its meeting in Venice in June 1980, for respect for the sovereignty and territorial integrity of Afghanistan and for an end to all interference in the internal affairs of that country. The Council has stated on many occasions the need for a solution which entails the withdrawal of foreign troops from Afghanistan and which permits the Afghan people to exercise freely their right to self-determination, and for Afghanistan thus to return to its traditional status as an independent State, neutral and non-aligned.

The European Council supports any initiative which could lead to the desired result and welcomes in particular the initiative which was the subject of the resolution of the United Nations of 20 November 1980, and that put forward recently by France.

Poland

The European Council reaffirms its position on Poland as expressed in its statement of 2 December 1980. This statement is as valid today as it was then.

The Council notes that Poland has shown that she is capable of facing her internal problems herself in a spirit of reason and responsibility. It is in the interest of the Polish people that Poland should continue to do so in a peaceful manner and without outside interference. It is also in the interest of stability in Europe.

The Council is following recent developments in Poland with great concern. It underlines the obligation of all States signatory to the Helsinki Final Act to base their relations with Poland on the strict application of the Charter of the United Nations and the principles of the Final Act.

It emphasizes that any other attitude would have very serious consequences for the future of international relations in Europe and throughout the world.

The European Council heard a report by Mr Genscher on his recent visit to Poland.

The European Council recalls that the Ten have already responded, both individually and in the Community framework, to the Polish request for economic support. They are disposed, within the limits of their means and in collaboration with others, to continue their contribution to the recovery of the Polish economy so as to complement the effort of the Polish people itself.

Having regard to the present situation, the European Council expressed understanding for the Polish wishes for extra food supplies. It requested the Commission and the Council, in agreement with the partner countries which are already taking part in the Paris discussions, to examine these wishes as soon as possible. It called on the Council, the Commission and the Member States to decide on their participation in this action as a matter of urgency.

Session of the European Council

Luxembourg, 29 and 30 June 1981

Conclusions

Economic and social situation

The European Council discussed in depth the present social and economic situation in which the European Community and the Member States find themselves at the time when the first cautious signs of limited improvement in the business cycle are becoming visible, but when the ravages of inflation and unemployment have by no means been brought under control. In the same context the European Council reviewed the Communities' position with regard to the Western economic summit in Ottawa and dealt with the need to preserve and strengthen the Communities' internal market. The European Council discussed these interlocking problems on the basis of a paper presented by the European Commission on the economic and social situation in the Community, the general orientation of which received unanimous approval.

The European Council expressed its firm conviction that by the pursuit of coordinated flexible policies, maintained over a sufficient length of time, the Community will be able to overcome the present social and economic difficulties and return to a situation of economic growth, stability and satisfactory levels of employment. In particular, the problem of mass unemployment, which is a major preoccupation for all the members of the European Council, should not be approached in any spirit of fatalism.

In this light the European Council reviewed the work done by the Joint Council (Economic Affairs, Finance and Social Affairs) and agreed that a sound foundation had been laid for subsequent action. In particular, there was agreement that the highest priority should be accorded to coordinated action against unemployment and inflation, including efforts aimed at structural adjustment.

The major responsibility for these actions lies with national governments and will need to take account of the different economic situations in each Member State and of their particular possibilities and the constraints with which they are faced. But the effectiveness of such action will be increased by coordination within a Community framework. A major effort should be made both at the national and the Community level, to increase investments aimed at higher growth and employment. Investment should be directed in particular to industries with a high innovative potential and which will secure for the Community in the coming decades the place in the industrial world to which it is entitled. The European Council was convinced that investment in energy conservation

and production is of vital importance. Care should be taken not to waste precious funds on economic activities that are bound to decline in importance. In the same connection it was underlined that considerable growth potential is to be found in the sector of small and medium-sized enterprises.

The European Council took note of the fact that in some Member States the reduction in working time is seen as a significant element in the battle against unemployment. It was agreed that further study to evaluate the effects of such measures would be made at the Community level. In this connection, the competitive position of European industries vis-à-vis other industrialized countries deserves close attention.

It was stressed that optimal use should be made of the Community's financial instruments and of the facilities of the European Investment Bank to promote the flow of productive investment. Efforts should also be undertaken to secure a larger economic benefit from the research activities that are under way in the Community and the Member States.

The European Council reaffirmed its commitment to a meaningful social policy by the European Community. It approved the conclusions reached by the Joint Council with regard to the labour market and the problems of unemployment. It took note with interest of suggestions made for the promotion of harmonized working conditions and workers' rights. In this context the term 'espace social' was used. It expressed its conviction that the pursuit of balanced and purposeful social and economic policies requires close consultation with the social partners.

Internal market

The European Council echoed the alarm sounded by the Commission on the state of the internal market, which is increasingly threatened by intentional and unintentional barriers to trade and by the pervasive use of subsidies to ailing industries. The European Council agreed that a concerted effort must be made to strengthen and develop the free internal market for goods and services which lies at the very basis of the European Community and which is the platform from which it conducts its common commercial policy.

Monetary relations with the United States

With regard to the forthcoming meeting of the Western economic summit the European Council stressed the need for a united approach to the problems presented by the level and volatility of interest and exchange rates, as these pose a serious threat to Europe's incipient economic recovery. These issues should be pursued in depth in discussions with the other major monetary powers. Important monetary policy objectives are shared with the USA, but the USA should be urged to take due account of the significant international consequences of its domestic policies. The Community itself should do its part to relieve the strain on monetary policy.

Trade relations with Japan

The European Council also reviewed the Community's relations with Japan, and it was agreed that in Ottawa strong emphasis should be paid to a broad span of questions relating to the smooth functioning of the open and multilateral world trading system, including excessive con-

centration of exports in sensitive sectors. The European Council stressed the need for effective openness of domestic markets, in particular the Japanese market. These issues should be kept under regular review and in doing so the Community should make the fullest possible use of its bargaining power as an entity.

Steel prices

The European Council discussed the serious situation which faces the European steel industry. While welcoming the outcome of the recent Steel Council, the European Council agreed on the urgent need to see steel prices in the European market raised to a more remunerative level and urged the Commission supported by all the Member States to do all in its power to see to it that the steel industry respects the necessary discipline.

North-South dialogue

The European Council approved the report on North-South policy drawn up by the Council (General Affairs) and recommended its approach for subsequent action. It is of the opinion that co-operation with developing countries and the intensification of international economic relations serve the interests of all concerned and that they are necessary not only in order to strengthen the economies of the developing countries but also to promote the recovery of the world economy. It considers it intolerable that widespread poverty and hunger persist in various parts of the developing world.

The European Council was of the opinion that the preparations for the new round of global negotiations should be completed as soon as possible. It emphasized the crucial importance of a positive impetus to be given to this effect by the summit conferences in Ottawa and Cancun.

Implementation of the 30 May 1980 mandate

The European Council had a discussion of the procedure for dealing with the Commission's paper. They confirmed that the implementation of the 30 May 1980 mandate would be a major topic for the meeting in London on 26 and 27 November where appropriate conclusions are to be reached. The European Council asked the General Affairs Council to make thorough and timely preparations for their meeting in November.

The Council will be assisted by a group consisting of one representative of each Member Government who shall be at least of ambassadorial rank. The Commission was invited to continue its contribution and to make appropriate formal proposals in good time.

Declaration on Afghanistan

The European Council notes with deep concern that the situation in Afghanistan remains an important cause of international tension, that Soviet troops remain in Afghanistan and that the sufferings of the Afghan people continue to increase.

The European Council recalls its earlier statements, notably those issued at Venice on 13 June 1980 and Maastricht on 24 March 1981, which stressed the urgent need to bring about a solution which would enable Afghanistan to return to its traditional independent and non-aligned status free from external interference and with the Afghan people having the full capacity to exercise their right to self-determination. In keeping with the resolutions voted by the United Nations, the Islamic Conference and the New Delhi Conference of the Non-Aligned Movement, the European Council has made it clear on several occasions that it will support any initiative which could lead to the desired result.

The European Council considers that the time has come for a fresh attempt to open the way to a political solution to the problem of Afghanistan. They therefore propose that an international conference should be convened as soon as possible, for example in October or November 1981, and that the Conference should consist of two stages, each stage being an integral part of the conference.

The purpose of Stage One would be to work out international arrangements designed to bring about the cessation of external intervention and the establishment of safeguards to prevent such intervention in the future and thus to create conditions in which Afghanistan's independence and non-alignment can be assured.

The European Council proposes that in due course the Permanent Members of the United Nations Security Council, Pakistan, Iran and India and the Secretary-General of the United Nations and the Secretary-General of the Islamic Conference, or their representatives, be invited to participate in Stage One of the Conference.

The purpose of Stage Two would be to reach agreement on the implementation of the international arrangements worked out in Stage One and on all other matters designed to assure Afghanistan's future as an independent and non-aligned State.

Stage Two would be attended by the participants in Stage One together with representatives of the Afghan people.

The Member States of the European Community will be ready at a later stage to make further proposals on the detailed arrangements for the proposed conference.

The European Council firmly believes that the situation in Afghanistan continues to demand the attention of the international community. It is convinced that this proposal offers a constructive way forward and therefore calls on the international community to support it fully with the aim of reducing international tension and ending human suffering in Afghanistan.

Middle East

The European Council noted the report of the Presidency as well as Mr van der Klaauw's oral comments on his contacts with the parties concerned with the Middle East conflict.

It concluded that the efforts undertaken by the Ten to promote the conclusion of a peaceful settlement should be continued energetically and without respite, taking account of the results of the missions decided upon in Venice.

Accordingly, the European Council decided on the basis of the results of the mission just completed by the President-in-Office, to instruct ministers to elaborate further the practical possibilities available to Europe to make an effective contribution towards a comprehensive peace settlement in the Middle East, through internal reflection, appropriate contacts being maintained with all parties concerned, including the United States.

As regards the attack by the Israeli air force on the Iraqi nuclear plant on 7 June 1981 the European Council can only endorse the resolution adopted unanimously by the UN Security Council.

Lebanon

Recalling its earlier statements concerning Lebanon, the European Council noted with interest the results of the work of the Arab Quadripartite Committee. The Council earnestly hoped that positive results would be obtained at the Committee's next meeting in Beit-ed-Dine, so as to achieve a genuine national reconciliation, which can give Lebanon internal security and foster its stability in peace with its neighbours.

Cambodia

The European Council recalls the position it has adopted in favour of an independent and neutral Cambodia with a genuinely representative government, free from any foreign military presence and maintaining friendly relations with all the countries of the region.

Convinced that a genuine solution to the problem of Cambodia will be possible only on the basis of the United Nations General Assembly Resolution 35/6, the Ten declare their readiness to contribute to the success of the International Conference on Cambodia called by the UN Secretary-General.

The European Council noted the future Presidency's intention to be represented there by its Foreign Minister.

Namibia

The European Council discussed the question of Namibia. It reaffirmed its resolve to do what lies in its power to promote an early peaceful settlement through negotiations on the basis of Resolution 435 of the UN Security Council. In this context, it continues to encourage the efforts of the group of five Western powers.

Session of the European Council

London, 26 and 27 November 1981

Conclusions

We had a very thorough discussion of all three chapters, agreeing at the outset that agreement on any one chapter or on the contents of any one chapter would depend upon agreement on the other chapters. We went through it really, almost section by section, in a detailed way which I have never seen in the European Council before, really trying to test out and see where were the areas of agreement and where were the areas of disagreement. We agreed on very many things and the areas of disagreement resolved themselves under four headings:

- first, the whole of the milk problem,
- secondly, the guidelines on agricultural expenditure,
- thirdly, Mediterranean agriculture, and
- fourthly, the budget problem itself.

We came to the conclusion, after many hours of discussion, that the best way to resolve those four problems would be to call a special meeting consisting of Foreign Secretaries, that they should convene as soon as we can possibly arrange it, and make attempts to resolve these matters either in conjunction with the ministers concerned or with other officials, or both; and that they should then make recommendations to the Heads of State or Government. It is possible we may then be able to clear this in correspondence. If not, of course it would have to be referred to the next Council. Those then are the conclusions on the mandate.

We also had a long and very useful discussion on the economic and social situation introduced by Mr Ortolí on the basis of a paper presented by the Commission to Heads of State or Government. We endorsed the conclusions of that document, with one or two modifications.

You will realize that in some respects the Commission is more optimistic about growth prospects than are some other commentators, but it is nice to attend something where we have a lot of optimistic people present. I do not wish to overemphasize that, because we know there are many problems ahead and we made it very clear during our discussion that one of the things which

concerns us most of all is the problem of youth unemployment and the need to provide more training for school-leavers.

In the general economic sphere, of course, we said that the objectives of fighting inflation and unemployment require public deficits to be kept under control and monetary policy within tight limits and pointed out that where deficits get very high interest rates also get high and that itself stultifies any attempt at increased growth. There are nations, of course, which have something like 14% to 15% of their GDP in deficit. Let me put it another way: the deficit is equal to 14% to 15% of their gross domestic product. That, of course, is unusually high and they pointed out the consequences for interest rates and that high interest rates can strangle growth.

You will be aware that we also discussed matters of foreign affairs which are of especial importance to us, and at the dinner last night we spent most of the time discussing with Chancellor Schmidt the results of President Brezhnev's visit to the Federal Republic. He went through it in very considerable detail and we had long discussions about it, and also the problem of Poland. The Foreign Ministers have also discussed other matters under the Committee of Political Cooperation and I believe that you have the communiqués.

It was therefore a very busy European Council. We discussed very openly. I think we got to grips in a very candid way with the difficult parts of the mandate. Much was agreed in the body of the document, but of course we recognize that all of the agreements are provisional upon an agreement being reached upon the total, but there was never any acrimonious discussion in any way. The atmosphere was extremely good, extremely constructive, the Heads of State or Government very much aware that we were perhaps negotiating in detail on matters which would normally have been left to the specialist Councils.

Enlargement

The European Council recalled that the Member States of the Community decided to open negotiations for the accession of Portugal and Spain in the knowledge that all the objectives of the Community, as set out in the preamble to the EEC Treaty, were shared by the democratic governments and by the peoples of the two countries concerned.

The European Council confirmed the political commitment which was the basis for that decision and emphasized the determination of the Community to bring the negotiations to a successful conclusion and stressed the importance of continuing progress. It recalled the acceptance by the applicant countries that they will accede on the basis of the Community Treaties and subordinate legislation in force on the date of accession, subject only to such transitional arrangements as may be agreed. It emphasized the need for both the Community and the acceding countries to make good use of the period until accession for careful preparations for the Community's further enlargement by introducing the necessary reforms so that the potential benefits for both sides can be realized. The Council agreed that, in the Community's deliberations on its internal development, regard would need to be paid to the importance of the accession of Portugal and Spain. It also agreed on the importance of the contacts established between the Ten and the applicant countries on the framework of political cooperation and confirmed that it is their intention to continue to keep Portugal and Spain closely informed about developments in political cooperation. It looks forward to the day when the leaders of those two countries will take their places in the European Council as full and equal members.

European Union

The European Council received the initiative of the German and Italian Governments on European Union and took note of their proposals.

The Council recognized the importance of strengthening economic integration in parallel with political development.

The European Council invited the Foreign Ministers in cooperation with the Commission to examine and clarify the German-Italian proposals and to report back to a future meeting of the European Council.

The Council took note of the reports of the Commission and of the Foreign Ministers of the Ten on European Union, and received the report on political cooperation agreed by the Foreign Ministers of the Ten in London on 13 October.

Political cooperation

Schmidt-Brezhnev meeting

The Chancellor of the Federal Republic of Germany gave his colleagues an account of his conversations with President Brezhnev in Bonn from 22 to 25 November. The European Council were in full agreement on the significance of this meeting, and on the need to keep channels of East-West communication open between governments at all times. The European Council welcomed the presentation by the Federal Chancellor on *détente*, cooperation and disarmament.

Disarmament

The European Council welcomed the commitment of the United States, announced in President Reagan's speech of 18 November, to the goal of major disarmament by means of mutual reductions in nuclear and conventional forces and confidence-building measures. They looked forward to the opening next week of negotiations between the United States and the Soviet Union on intermediate-range nuclear weapons, and expressed the hope that these would lead to early and positive results.

Conference on Security and Cooperation in Europe

The European Council considered the state of negotiations at the CSCE follow-up meeting at Madrid. Despite the difficulties, they expressed the desire for a positive outcome in the form of a substantive and balanced document by the end of the year, including agreement on a precise mandate for a Conference on Disarmament in Europe to negotiate confidence-building measures in the

whole of Europe. They are ready to make every effort towards this end and they look to all participants to show the same positive spirit.

Poland

The European Council heard a report from Lord Carrington about the visit of the Polish Foreign Minister to London on 20 November. They took note of past and current Community programmes to supply food at special prices to Poland and welcomed the Budget Council's recent acceptance of an initiative from the European Parliament to make additional sums available for this purpose. The Heads of State or Government reaffirmed their willingness, within the limits of the means of the Community and its Member States and in collaboration with others, to respond to the requests of the Polish Government for continued support for the efforts of the Polish people to promote the recovery of their national economy. They believe that the rescheduling of the Polish debt and the provision of new credit would make an important contribution to that end.

Afghanistan

The European Council considered the continuing tragedy of Afghanistan. They noted that, in flagrant defiance of international opinion as expressed in three successive resolutions passed by overwhelming majorities of the General Assembly of the UN, the Soviet occupation of Afghanistan continued with its associated repression and bloodshed. The Heads of State or Government agreed that the situation was immensely damaging to international trust and confidence. They confirmed their belief that their proposals of 30 June offer a reasonable and practical approach to solving the problem.

Session of the European Council

Brussels, 29 and 30 March 1982

Conclusions

Preamble

1. The European Council commemorated the 25th anniversary of the signing of the Treaty of Rome, recalling the importance of the contribution made by the European Community over a quarter of a century to the achievement of the objectives of economic and social progress in the member countries. It emphasized the importance of the progress made towards union despite the world-wide economic difficulties of the last decade.

The European Council confirmed its intention of continuing along the road towards greater economic integration.

2. The European Council devoted most of its meeting to discussing the economic and social situation on the basis of the report from the Commission.

The world economy was in a state of major structural crisis which was affecting every country. This crisis could be overcome only if all governments took the necessary measures with the support of all economic and social circles.

Although the specific characteristics of the situation in each Member State might call for varying policies and solutions to combat the economic crisis, all the Community countries were faced with the same risks and had the same interest in combating unemployment and restoring economic growth while preserving monetary stability and ensuring the competitiveness of their economies.

3. The European Council noted signs of an improvement in the short-term for 1982. However, a slight recovery was insufficient to arrest the growth of unemployment, the high level of which, more particularly among young people, was creating an intolerable situation; moreover, that recovery could not on its own resolve the Community's fundamental structural problems, in particular an excessively high average rate of inflation, insufficient productive investment and a degree of energy dependence which was still too great.

The European Council considered a series of practical complementary measures to be necessary.

Policies within the Community

4. The Council emphasized the need for a coordinated policy to promote investment and to combat unemployment.

Such concerted action should be accompanied by intensified efforts to control the evolution of all production costs. Stress should be laid more on private and public productive investment. It was essential in this connection that both sides of industry contribute to the achievement of those objectives.

5. As regards investment, the European Council expressed its concern at the level of productive investment in Europe, especially in the industries of the future, which was still too low in relation to its GDP. It therefore agreed on the need for the Community and each Member State to take, as from this year, each as far as it was individually concerned, all appropriate steps or initiatives to reverse this trend.

In this connection, it confirmed the importance it attributed to the lowering of interest rates and the strengthening of the Community lending instruments for the benefit of investment, particularly in the fields of energy and industrial and agri-foodstuffs development.

The European Council requested the Commission to make any proposals it deemed useful and the Council to adopt the means and procedures for attaining these objectives.

A first report on the practical measures taken on the basis of these guidelines would be drawn up for the European Council meeting in June.

6. The European Council stressed the importance of maintaining and developing the Community's internal market, which, also as a consequence of a more active external policy, gave it a continental dimension comparable to that of any of the main economic units of the world. That dimension made it possible to develop Community industrial strategies and formulate a technology and innovation policy.

The services sector was felt to be of particular importance in this connection.

The industrial, energy and research policies and the agricultural policy were amongst those where the Community dimension could make the greatest contribution.

The European Council asked the Council, in all its compositions, to reinforce those policies on the basis of Commission proposals.

A report on the follow-up to these guidelines would be drawn up for the meeting of the European Council at the end of the year.

7. As regards employment, the Council recognized that, in addition to increased efforts to foster productive investment and control production costs, the gravity of the unemployment situation called for specific quick-acting measures.

In order to contribute to the progressive definition of a European social policy, the Member States would take measures concerning more particularly the vocational training of young people.

As a first step, the Member States would strive to ensure over the next five years that all young persons entering the labour market for the first time would receive vocational training or initial work experience within the framework of special youth schemes or contracts of employment; the Council was requested to report back to the European Council at its meeting at the end of the year on the decisions and measures adopted to this end, both by the Member States and at Community level. For this purpose a special meeting of the Council would study the specific measures to be taken to promote employment. The Member States would consult each other on their national measures for the adaptation of working time.

8. The European Council noted that the European Monetary System had operated satisfactorily in its first three years. Action should now be taken to give fresh momentum to the system by strengthening economic convergence, the EMS mechanisms, the role of the ECU and monetary cooperation between the Community and third countries. It asked the Council (Economic and Financial Affairs) to report back.

International economic policy

9. The European Council looked to the Versailles summit at the beginning of June to institute increased cooperation between the major industrial partners, aimed particularly at encouraging a reduction in interest rates, making exchange rates less volatile and strengthening North-South relations. This cooperation must be based on a joint definition of the obligations incumbent upon each party. The Community was ready to make its contribution to such cooperation and would submit proposals on the matter.
10. The persistence of high real interest rates on the international financial markets, combined with the inadequacy of economic activity and the low level of overall demand, was leading to a significant reduction in productive investment and a further worsening of unemployment since, because of the considerable squeeze on their liquidity and profits, undertakings were reducing their investments and staffing levels. This development was particularly disturbing at a time when the adjustment of industrial structures, following the oil price rises and the need to deal with unemployment, called for an increase in the part played by investment in overall demand.

High interest rates also greatly increased the cost of servicing the public debt in many industrialized countries and developing countries.

11. Fluctuations in exchange rates not justified by the basic facts of the economy added a further element of uncertainty and were affecting international trade.

The coordination of the major industrial countries' exchange-market policies in order to avoid uncontrolled fluctuations in price levels continued to be a matter of urgency.

12. The Community urged Japan to open its market and integrate it more fully into international trade. Japan should follow an economic, commercial and exchange policy which was more compatible with the balance of responsibilities to be borne by the whole of the industrialized world, thereby contributing to economic recovery.
13. The Council intended to persevere in a policy of active cooperation for the benefit of the developing countries and would like to see the North-South dialogue resumed without delay. The European Council pointed out that the countries of Eastern Europe also had responsibilities in this context.

Conclusions

14. The European Council stressed that the economic recovery of European countries depended on internal action and external factors which the Community should contribute to controlling more effectively within the framework of increased and better-organized international cooperation. To this end, the strengthening of European unity by greater convergence of economic policies within the Community and better coordination of economic recovery measures would be likely to strengthen the Community's international role.

At its meeting at the end of the year, the European Council would undertake an initial review of the implementation of the measures which it had just decided on and would work out new guidelines.

Mandate of 30 May

The European Council heard a report from Mr Tindemans on the progress of the work of the Council (Ministers for Foreign Affairs) on the mandate.

The European Council asked the Council of Ministers (Foreign Affairs) to do all in their power to enable decisions to be taken as soon as possible.

Memorandum from the Greek Government

The European Council noted a statement by the Greek Prime Minister. The Commission would make a study of the memorandum submitted by the Greek Government and would report back to the Council.

Transatlantic relations

The European Council discussed the state of transatlantic relations.

It emphasized the importance which it attaches to the links of the Ten with the United States and its willingness to develop further consultations between Europeans and Americans.

It valued the statement made by President Reagan on the occasion of the 25th anniversary of the Treaties of Rome, in which the United States confirmed its wish to cooperate closely and on the basis of partnership with a united Europe and in accordance with Europe's economic and political importance, and its role in the world.

East-West relations

1. The Heads of State and of Government noted that the situation in Poland continued to place a strain on East-West relations, and thus to affect the relations of the Ten with Poland and the USSR, which bore a clear responsibility in this situation.

The Ten recalled their earlier statements on the grave consequences of the present situation in Poland for security and cooperation in Europe, and for East-West relations as a whole. They renewed their call to the Polish authorities with the minimum delay to end the State of martial law, release those arrested and resume a genuine dialogue with the Church and Solidarity.

The Ten also noted with concern the recent statements of the Polish authorities on the possibility of the departure of detainees from the country. The Ten rejected any attempt to place pressure on those concerned. They would interpret such a policy as a further deterioration of the situation in Poland, and a grave breach of fundamental human rights.

(The Greek delegation has reserved its position on the section of the first sentence which indicates that the Polish situation affects the relations of the Ten with the USSR.)

2. The Heads of State and of Government reviewed the state of economic relations between their own countries and those of Eastern Europe, particularly in the light of the significant role played by Community trade with these countries.

They recognized the role which economic and commercial contacts and cooperation have played in the stabilization and the development of East-West relations as a whole and which they wish to see continued on the basis of a genuine mutual interest. They discussed the basis on which East-West economic and commercial relations had been conducted.

The Heads of State and of Government agreed that these questions, including the important and related question of credit policy, should be the subject of careful study by the European Community and by their own and other governments, both nationally and internationally and in close consultation with other members of the OECD.

(The Greek delegation has reserved its position on the section of this text beginning 'They discussed...' and ending '... other members of the OECD'.)

3. The European Council regretted that violations of the principles of the Helsinki Final Act, of which the repression in Poland constitutes a particularly grave element, had not only prevented the Madrid meeting from achieving positive results, but also put at risk the entire CSCE process.

It noted that the adjournment of the Madrid meeting was necessary to preserve the CSCE process, to which the Ten remained fully committed. The objective remained the adoption of a substantial and balanced final document.

The Ten expressed the hope that, when the Madrid meeting resumed in November, the prevailing circumstances would be more conducive to the achievement of a positive outcome.

Afghanistan

With the recent International Day of Afghanistan in mind, the European Council considers it right to draw particular attention to the tragic situation of that country, now in its third year of military occupation. The Soviet expeditionary force has recently been strengthened; repression of the civilian population continues without respite; and every day adds to the total of refugees, who already number some three million, or one in five of the population.

In the view of the European Council, it is more necessary than ever to hasten the search for a political solution to the Afghanistan problem. This can only be on the basis of the complete withdrawal of the Soviet troops and respect for the independence, sovereignty and non-alignment of Afghanistan. The Council strongly reaffirms the position taken by the European Councils of Luxembourg and London, and the desire of the Ten to contribute up to the limit of their powers to an acceptable settlement. It denounces the negative attitude of the Soviet Union in rejecting successively the proposals made by the Ten, the Non-Aligned Movement, the Islamic Conference and the General Assembly of the United Nations.

The Council welcomes the nomination by the Secretary-General of the United Nations of a personal representative for the Afghan question, and hopes that this initiative will contribute to a solution in accordance with the principles of the resolutions adopted by the General Assembly.

Middle East

The European Council discussed developments in the Middle East.

Deeply concerned by the grave events taking place in the West Bank, the European Council appealed urgently for an end to the dangerous cycle of violence and repression. It particularly denounced measures imposed on the Palestinian population such as the dismissal of democratically-elected mayors by the Israeli authorities, as well as the violations of the liberties and rights of the inhabitants of these territories which followed the measures taken by Israel with regard to the Golan Heights, and which could only damage the prospects for peace.

Concerned at the continuing clashes in the Lebanon, the European Council urged all the parties involved to renounce the use of force and to assure conditions for the respect of the full sovereignty and territorial integrity of the country.

It furthermore reaffirmed the wish of the Ten, expressed on many occasions, to contribute to the achievement of a just and lasting peace in the Middle East.

The participation of four Member States of the European Community in the Multinational Force and Observers in Sinai (MFO) was a positive contribution in the context of the forthcoming completion, on 25 April, of the Israeli withdrawal from Sinai.

Central America

The European Council discussed the situation in Central America. It expressed serious concern at the continued growth of tensions in the region. It welcomed with interest any initiative likely to put an end to violence and lead, through dialogue and respect for democratic norms and for human rights, to the restoration of peace in the region, while safeguarding national sovereignty and the wishes of the people. In this context it noted with interest the proposals made by a number of countries in the region.

Noting that the tensions and conflicts ravaging Central America frequently stemmed from the grave economic problems and social inequalities which had been aggravated by world economic conditions to the detriment of the poorest countries, the European Council believed that the international community could not remain indifferent to these evils. It welcomed the efforts currently being exerted to remedy them, and particularly hopes that the initiative of the Nassau group will contribute to this in accordance with the principles set out above.

The Community and its Member States too had, in the past, provided substantial assistance to the region.

The European Council however agreed that the aid given by the Member States of the Community and by the Community itself for development in Central America and the Caribbean should be coordinated and increased within the limits of their possibilities.

The European Council instructed the Foreign Ministers to work out detailed arrangements for the provision of Community aid on the basis of proposals by the Commission.

Turkey

The European Council heard the report of the President of the Council of Ministers, Mr Leo Tindemans, on the execution of the mandate given to him by the Ten on 23 February.

It expressed its appreciation for the way in which this task had been carried out.

Mr Leo Tindemans had impressed upon the Turkish Government the serious concern of the Ten with regard to human rights in Turkey, and had emphasized the need for that country to return as soon as possible to a democratic regime, which presupposes in particular the release of those arrested for their views or for trade union activities, and the ending of martial law.

His interlocutors had assured him of the country's return to democracy within two years at the most. According to their declarations the referendum on the approval of a democratic constitution would take place in November 1982 and the general elections in autumn 1983 or, at the latest, in spring 1984.

The European Council trusts that Mr Leo Tindeman's visit will prove to have contributed to the achievement of its objectives, to which the Ten attach essential importance.

Session of the European Council

Brussels, 28 and 29 June 1982

Conclusions

Economic and social situation, investment policy

The European Council discussed the economic and social situation on the basis of the Commission report. It confirmed the conclusions it had reached in March regarding a coordinated policy for combating unemployment by promoting productive investment, increasing competitiveness and productivity as well as the development of a Community industrial strategy based on a technology and innovation policy. It agreed to step up efforts in the following three areas:

1. Modernization of European economic structures

This objective can be attained only if investment is developed purposefully. In line with its conclusions in March, the European Council welcomed with interest the guidelines proposed by the Commission in its report.

It calls upon the Member States to take account of the priority to be given to developing investment when formulating their economic and budget policies. It asks for practical proposals for its December meeting.

In addition it looks forward to proposals for the development of new technologies, particularly on the basis of the communication of the Commission on communications.

2. Increased convergence of the economies of the Community

Development of investment will be a vain hope unless governments manage to convince public opinion, economic circles and both sides of industry of the need to transfer resources in favour of both public and private productive investment.

3. A specific Community measure to combat unemployment, particularly in the case of young people

The European Council asks the Joint Council (Ministers of Finance, Economic Affairs and Social Affairs) to adopt firm decisions, on a proposal from the Commission, at its November meeting.

The European Council therefore requests that the discussions in meetings of the Council, particularly that in July on national budgetary guidelines for 1983, should aim at guaranteeing that such guidelines are compatible with the common objectives.

Middle East

1. The Ten maintain their vigorous condemnation of the Israeli invasion of Lebanon. They are greatly concerned about the situation in that country and in particular in Beirut. They believe that the present cease-fire must at all costs be preserved.

This cease-fire should be accompanied on one hand by an immediate withdrawal of Israeli forces from their positions around the Lebanese capital as a first step towards their complete withdrawal, and on the other hand by a simultaneous withdrawal of the Palestinian forces in West Beirut in accordance with procedures to be agreed between the parties.

In order to facilitate this withdrawal the separation of forces would be controlled during this short transitional period by Lebanese forces and, by agreement with the Lebanese Government, by UN observers or forces.

2. The establishment of a final peace in the Lebanon requires the complete and prompt withdrawal of Israeli forces from that country as well as the departure of all foreign forces except those which may be authorized by a legitimate and broadly representative Government of Lebanon whose authority would be fully reestablished over all its national territory. The Ten support all efforts for the achievement of these objectives.
3. For the present the Ten have decided to continue their activity to bring relief to the population in distress and, in this context, call on all parties to act in accordance with Security Council Resolutions 511 and 512 and to cooperate with the responsible international agencies as well as with Unifil. They are also ready in due course to assist in the reconstruction of the country.
4. Anxious to initiate, over and above the settlement of the Lebanese problem, the lasting restoration of peace and security in the region, the Ten wish to see negotiations based on the principles of security for all States and justice for all peoples. All the parties concerned should be associated with these and thus should accept one another's existence. Israel will not obtain the security to which it has a right by using force and creating 'faits accomplis' but it can find this security by satisfying the legitimate aspirations of the Palestinian people, who should have the opportunity to exercise their right to self-determination with all that this implies.

They believe that for negotiations to be possible the Palestinian people must be able to commit themselves to them and thus to be represented at them. The position of the Ten remains that the PLO should be associated with the negotiations.

The Ten wish to see the Palestinian people in a position to pursue their demands by political means and wish that the achievement of these should take account of the need to recognize and respect the existence and security of all.

Iraq-Iran

The Ten express their deep concern at the continuation of the damaging conflict between Iraq and Iran, which is destructive for the two countries and seriously threatens the security and stability of the region.

They repeat the appeal which they made on 24 May for an end to hostilities and a negotiated settlement.

They call for an intensification of the peace efforts currently under way, and declare themselves ready to assist in these.

Latin America

The European Council has examined the state of the relations of the Ten with the countries of Latin America and the Caribbean.

It confirmed the lively interest that the Ten attach to the development of their relations with the peoples of this part of the world, with so many links with Europe and called upon to play an expanding role on the world stage. In this spirit it instructed ministers to study appropriate means to strengthen cooperation between the Ten and this region.

The European Council asked the Community institutions to pursue actively the study with which they had already been entrusted of the problem of aid to Central America. It also discussed the means of helping, with the agreement of the countries concerned, to reduce tension and promote peace in this latter region.

European Community / United States relations

The European Council had a detailed discussion of the development of economic relations between the European Community and the United States.

In particular, the European Council considered that it was in the interests of the world economy to adhere to the lines of policy agreed by the participants at the Versailles summit. It confirmed its intention, for its part, of doing so to the full.

It considered that a lowering of interest rates was a prerequisite for the recovery of the world economy and expressed the hope that the US Administration and Congress will take the necessary decisions to resolve the problem of the budget deficit.

So far as trade policy issues were concerned, the European Council confirmed the conclusions of the Ministers for Foreign Affairs, meeting in the Council on 21 and 22 June, with respect to the decisions or intentions announced by the United States concerning steel markets, and export and licensing of equipment for inclusion in the gas pipeline, and those concerning the common agricultural policy.

The European Council emphasized its view that the maintenance of the open world trade system will be seriously jeopardized by unilateral and retroactive decisions on international trade, attempts to exercise extraterritorial legal powers and measures which prevent the fulfilment of existing trade contracts.

The European Council expressed its concern at these recent developments, which could have adverse consequences for their relations with the United States.

The European Council therefore considered that it was of the highest importance:

- (a) to defend vigorously the legitimate interests of the Community in the appropriate bodies, in particular the GATT;
- (b) to make sure that the Community, in managing trade policy, acts with as much speed and efficiency as its trading partners;
- (c) that a genuine and effective dialogue take place between those in the United States and the Community responsible for decisions in the areas of possible dispute. This dialogue should be instituted as a matter of urgency. The Community for its part is prepared to make a constructive contribution to this dialogue.

Session of the European Council

Copenhagen, 3 and 4 December 1982

Conclusions

The economic and social situation

The European Council welcomes the report from the General Affairs Council on the implementation, so far, of the economic strategy that it had itself laid down in March and June. In particular, it reaffirms the detailed conclusions from the Joint Council of 16 November 1982 and the Council (Economic and Financial Affairs) of 15 November 1982.

The European Council fully endorses the need for a comprehensive strategy for achieving a marked improvement in the employment situation through the creation of durable new jobs. The implementation of this strategy must be continued comprising a broad range of interlinked and mutually supportive economic and social policies both at Community and national level.

To this end the European Council agrees on the following priority goals:

- re-establishing economic stability;
- taking into account the degree of stability achieved, encouraging productive activity, and contributing to economic recovery and structural improvement, particularly through continued reduction of interest rates and through support for productive investments, especially in innovative sectors;
- creating more employment opportunities and professional training possibilities for young people to permit a fulfilment of their justified aspirations. In this connection it is important that they are given a chance to take advantage of the opportunities of tomorrow's high-technology industries;
- exploring carefully the possibilities for greater flexibility offered by the reorganization of working time and mobility of labour;
- strengthening the common market and intensifying action to eliminate practices and measures which restrict trade and distort competition;

- pursuing a vigorous energy policy with a view to saving energy and diversifying supply;
- strengthening the European Monetary System; increasing international cooperation and concertation in the field of monetary and financial policy and trade policy.

The European Council agrees that a time-scale for specific actions at Community level should be established to complement the parallel efforts being undertaken nationally by each Member State. It therefore instructs the Council:

- to decide, before the end of March 1983, on the priority measures proposed by the Commission to reinforce the internal market;
- to speed up the adoption of the Commission's current and forthcoming proposals in the field of research, innovation and energy;
- to agree rapidly and before the next European Council on the Commission's proposal to expand the NCI by a further 3 000 million ECU;
- to give urgent consideration at the next Council (Social Affairs) to the Commission's proposals for ways and means to ensure young people professional training or a first work experience, and on the reorganization of working time.

The Council (General Affairs) will report to the European Council in March on the implementation of this work programme.

Enlargement

The European Council reaffirms its political commitment to the enlargement of the Community with Spain and Portugal. The European Council asks the Council (General Affairs) to press ahead with the negotiations with both countries as rapidly as possible.

The European Council welcomes the inventory presented by the Commission, which in its view constitutes a new impulse to the enlargement process.

The European Council stresses the importance of rapid progress within the Community on a number of important issues in order to facilitate a harmonious enlargement of the Community. In particular, the European Council asks the Council (Agriculture) to complete urgently and before March 1983 the revision of existing rules for certain Mediterranean agricultural products on the basis of Commission proposals.

The European Council invites the Commission to explore with the two candidate countries the introduction of certain measures in these countries before accession in order to prepare their economy for accession in particularly sensitive sectors.

The European Council asks the Council (General Affairs) to examine the issues set out in the Commission's inventory with a view to balanced decisions.

A report on progress will be submitted for its next session.

Relations with non-member countries

The European Council stresses that the overriding priority for the Community's economic and commercial relations with other industrialized countries will be the strengthening of international cooperation in all major areas to counteract recession, with particular emphasis on a return to a stable monetary, financial and trade situation.

The European Council states the readiness of Member States to work for a substantial increase of IMF quotas and their determination to contribute to an early decision to this effect.

The European Council welcomes the outcome of the GATT ministerial meeting and confirms the Community's readiness to take part constructively in the continuing work within the GATT.

The European Council recalls its conclusions of June that a genuine and effective dialogue should take place between the United States and the Community in areas of possible dispute. The European Community is determined to pursue a constructive dialogue in the appropriate form with a view to ensuring solid and confident relations between the Community and the United States.

It notes with satisfaction the EC/US arrangement on steel and the lifting of United States sanctions related to the Siberian pipeline.

With regard to relations with Japan the European Council was informed on the work already done by the Commission, and it expects the Council (General Affairs) at its session in December to take decisions on the various ways and means of improving commercial relations between Japan and the Community.

The Community has successfully remained united in the face of difficult problems over recent months. The European Council is convinced that unified and coherent Community positions are more than ever indispensable to achieving the objectives set out above.

The European Council welcomes the work undertaken within the Council on the recent important Commission initiative in the field of the Community's relations with developing countries. It stresses the importance of proceeding from this stage towards proposals to be followed up by Council decisions on priority questions such as the negotiations for the new ACP Convention.

There is agreement on the urgent need to bring about an improvement of developing countries' ability to cope with their economic and financial problems. This will be an important factor in favour of international economic recovery.

Common fisheries policy

The Council noted the progress made in the negotiations about a common fisheries policy. It emphasized the need for agreement at the meeting of the Council of Fisheries Ministers on 21 December.

East-West relations

The European Council reviewed recent developments in East-West relations.

Following the change of leadership in the Soviet Union the Governments of the Ten emphasized that their relations with that country will continue to be based on the same principles of firmness and dialogue. They call upon the Soviet Union to make the necessary contributions to improve confidence in international affairs. The Ten are ready to respond positively to such efforts and to work together with the Soviet Union and the countries of Eastern Europe for a more constructive East-West relationship.

Therefore, the European Council expressed the hope that all participating States in the CSCE meeting in Madrid would take the necessary decisions to permit the meeting to arrive at an early and positive conclusion.

With this in mind, the Ten confirmed their commitment to real progress in Madrid by negotiating a substantial and balanced concluding document which will contain a precise mandate for a conference on disarmament in Europe as well as further progress within the human dimension of the Helsinki Final Act. In doing so they will cooperate with other allied and friendly States including the neutral and non-aligned participating States.

Poland

The European Council discussed recent developments in Poland and noted with regret that a large number of persons remain in detention, that martial law continues, and that the free trade union, Solidarity, has been dissolved.

It also noted, however, that the recent release of some internees, including the leader of Solidarity, might constitute a step towards the fulfilment of the appeal made by the Ten on 4 January 1982.

The Ten will continue to follow developments in Poland closely and in particular study the implications of the possible lifting of martial law, including the conditions under which this will take place.

Afghanistan

The European Council in particular expressed the view that the new Soviet leadership would make an important contribution to the improvement of international relations in general and of East-West relations in particular by re-assessing its position on the question of Afghanistan. It endorsed the verdict of the international community on the situation in Afghanistan, embodied in the fourth successive vote of the General Assembly of the United Nations. The people of Afghanistan should be permitted to regain their national sovereignty and independence and the status of a non-aligned State.

It expressed its readiness to support any realistic efforts to achieve a political solution and recalled the European Council proposal of 30 June 1981 for a comprehensive settlement of the conflict.

The situation in the Middle East, including Lebanon

Following a report by the Presidency on recent contacts, the European Council discussed events in the Middle East, where two aspects in particular continue to cause deep concern.

First, as regards the Arab-Israeli conflict, the European Council expressed its disappointment at the delay in grasping the political opportunity created by the initiative contained in President Reagan's speech on 1 September 1982, and the will to peace expressed in the declaration of Arab Heads of State meeting at Fez on 9 September 1982.

It called upon each of the parties to assume its international responsibilities without further hesitations. It expects each of the parties to cease to ignore the United Nations Security Council resolutions and explicitly make known their approval of these resolutions.

Secondly, the European Council continued to view the situation in Lebanon with the greatest concern. It particularly noted that in spite of the various efforts made by the negotiators on the spot, no significant progress had yet been achieved towards the withdrawal of the Israeli, Syrian and other foreign forces.

The persistence of this situation would constitute a threat to the integrity and unity of Lebanon, carrying serious dangers for the whole region.

The withdrawal of foreign forces could be of a progressive nature, but should take place within a fixed and short period of time under conditions which would permit the Lebanese authorities to exercise fully their rights of sovereignty over all of Lebanon.

The Ten have already demonstrated their willingness to contribute to the solution of the problems, especially by giving their support to the UN forces and UN observers established by the Security Council as well as the multinational force in Beirut to which two of their number contribute. The Ten and the Community are equally prepared to continue to contribute to the reconstruction of Lebanon.

Session of the European Council

Brussels, 21 and 22 March 1983

Conclusions

The economic and social situation

The European Council discussed the continued implementation of the Community's comprehensive strategy for re-establishing economic stability, encouraging productive activity and contributing to a climate of expansion of markets without renewed inflation and thus to the creation of durable jobs and the possible examination of the question of working time.

In particular it agrees that all Member States and the Community must now take effective action to improve the employment situation of young people. It notes the intention of the Commission to submit concrete proposals and invites the Council to submit a report to the European Council in June on progress made both nationally and at Community level.

The European Council welcomes the report from the General Affairs Council on the implementation of the priority goals laid down by it at its meeting in December 1982 in Copenhagen.

Concerning the internal market the European Council notes the progress made. It stresses the need for decisions before June in all the priority areas as defined in Copenhagen. The European Council notes with satisfaction that the Council's work programme includes also the areas of insurance and other services.

It asks the Council to take a position, with the same degree of priority, on the Commission proposal on the strengthening of the instruments of the common external trade policy.

The European Council notes that further concrete decisions must also be taken between now and the European Council meeting in June on energy policy, research and development policy.

It invites the Council (Economic and Financial Affairs) to pursue its work concerning the development of investments.

The Council considers that the development of the productive capacity of European industry in the conditions required by international competitiveness must constitute a major necessity for the Community.

It notes that the Commission will in the near future make proposals enabling better conditions to be brought about for the development of new information technologies, telecommunications and bio-technology.

The European Council discussed a number of specific areas where more effective common action is urgently needed:

- (i) It agrees that mutual recognition of diplomas is an important step in creating satisfactory conditions for the exercise of a number of professions. The European Council invites the Ministers for Education to speed up their work in order to create the necessary conditions for tangible results in this field.
- (ii) The European Council further invites the Council to speed up the examination of a number of proposals for directives concerning the right of establishment and freedom to provide services in order to bring this work to a successful conclusion as soon as possible.
- (iii) The European Council agrees that the damage done to the forest environment by acid rain makes effective joint action urgently necessary. It therefore invites the Council to give rapid and positive attention to proposals announced by the Commission both for action in the Community and in the framework of the ECE. It requests the Council to make an interim report on the situation concerning this problem for its meeting in June.
- (iv) The European Council requests the Council to expedite the development of a Community transport policy; special attention should be paid to the improvement of frontier formalities in the formulation of decisions on the internal market.

The European Council stresses the importance of decisive progress towards the successful implementation of its employment strategy. The Council should contribute to a constructive dialogue on this subject between it and the European Parliament.

The Economic Summit in Williamsburg in May 1983

The European Council asks the Council to prepare Community positions for the Williamsburg economic summit which will permit the Community to make a substantial contribution to efforts to ensure that the recovery of the international economy, which is now appearing and which is particularly important for developing countries, will be supported through the concerted policies of the summit participants. In this context the European Council attaches great importance to the maintenance and further strengthening of world trade including trade with the third world, as an integral part of a policy intended to bring about a favourable climate of sales possibilities without renewed inflation.

It considers in particular that a genuine dialogue between Europe and the United States on trade in agricultural products can be maintained only on the basis of mutual respect of the agreements concluded following the Tokyo Round.

The European Council considers that the falling oil prices constitute a positive contribution to world economic recovery, provided that this development and its consequences are kept under control. It is also important that steps are taken to ensure that this development does not jeopardize the successful continuation of efforts to ensure energy savings and development of energy sources.

Enlargement

The European Council noted the report from the Council (General Affairs) on progress of work on the inventory presented by the Commission, and in negotiations with Spain and Portugal. It requests the Council to continue its work so that balanced decisions can be made.

The European Council is determined that negotiations with Spain and Portugal should now make substantial progress, and asks the Council to make every effort to this end.

The European Council expects the Council (General Affairs) to be able to report before June substantial progress both on subjects dealt with in the inventory and in the negotiations with Spain and Portugal.

The European Council intends to take stock of the situation regarding the enlargement negotiations at its next meeting and to give political orientation for the complexion of the negotiations.

The European Council took note of the discussions that have taken place on the adaptation of rules applicable to certain Mediterranean agricultural products.

After re-examining the dossier, it reaffirmed its view that appropriate decisions should be taken in order that the Community can make further progress in the negotiations for the accession of Spain and Portugal.

The European Council therefore asks the Council of Agriculture Ministers to adopt the necessary decisions as soon as possible, taking account of the following factors:

- In the olive oil sector a long transitional period must be foreseen.
- In the fruit and vegetables sector compromises should be sought on the basis of the Commission proposals supplemented by provisions ensuring that traditional trade flows with third countries are maintained and guaranteeing that the free circulation of goods is respected.

The European Council expresses its conviction that each government must be ready to make a step in the direction of the others in order to clear the way for an overall compromise.

The Community's financial resources and related problems

The European Council notes the report on work done on the Commission's communication on the future financing of the Community. The European Council further notes the Commission's intention to submit specific proposals as soon as possible. It expects these proposals to take ac-

count of the development of the Community's policies, the problems connected with enlargement, budgetary imbalances and the need to strengthen budgetary discipline. It invites the Council (General Affairs) to discuss those proposals and to report its conclusions to the June European Council.

The European Council agrees that this report will contain conclusions also concerning the so-called subsequent solution in accordance with the undertaking made by the Foreign Ministers on 25 May and 26 October 1982 regarding compensation to the United Kingdom. Consequential figures for 1983 will be incorporated in the draft Community budget for 1984.

Middle East

The Ten are deeply disturbed by the continued lack of progress towards peace between Israel and its Arab neighbours. They are convinced that all parties must seize the present opportunity to achieve the two most urgent objectives: the withdrawal of all foreign forces from Lebanon and a resumption of negotiations aimed at a comprehensive peace settlement.

The Ten reaffirm their support for the sovereign and independent State of Lebanon and for its government, which should urgently be enabled to re-establish without restrictions its authority over the whole of its territory. This requires the prompt withdrawal of Israeli, Syrian and PLO forces. The Ten support the efforts of the United States to achieve this objective. They call on all concerned to conclude negotiations without further delay. They continue to support the peace-keeping role of United Nations and multinational forces in Lebanon.

The principles which underlie the Ten's approach to wider peace negotiations, as set out in more than one previous statement, remain valid. A lasting peace can only be built on the right to a secure existence for all States in the region including Israel, and justice for all the peoples, including the right of the Palestinian people to self-determination with all that this implies. These rights must be mutually recognized by the parties themselves. Negotiations will have to embrace all the parties concerned including the Palestinian people; and the PLO will have to be associated with them. The threat or use of force must be renounced by all.

President Reagan's initiative of 1 September 1982 indicated a way to peace, and the Arab summit meeting at Fez demonstrated a readiness for it. The task now is to move beyond statements of principle and find a means to reconcile and implement the various peace proposals. The conclusions of the recent meeting of the Palestine National Council can and should contribute to the peace process. The Ten therefore welcome the discussions between Jordan and the PLO. The Palestinian people and the PLO should seize the present opportunity by declaring themselves in favour of peace negotiations. This would be a major step forward, to which the Ten would expect all concerned to respond constructively.

The Ten look to the Arab States to play their part by supporting those who seek a solution to the demands of the Palestinian people by political means.

The efforts of the USA will continue to be indispensable to create the conditions in which negotiations can begin.

Above all the time has come for Israel to show that it stands ready for genuine negotiations on the basis of Security Council Resolutions 242 and 338, in the first place by refraining from en-

larging existing settlements or creating new ones. These settlements are contrary to international law and a major and growing obstacle to peace efforts.

The Middle East is a region with which the Ten have long been closely associated and in whose future they have a deep interest. They intend to maintain their contacts with all the parties and to use their influence to encourage movement towards compromise and negotiated solutions. They believe that this is in the best interest of the countries and the peoples of the region, of the Ten themselves and of their mutual relations.

Iran and Iraq

The Ten expressed once again their growing concern at the continued conflict between Iraq and Iran, which constitutes an ever more serious threat to the security and stability of the entire region.

The Ten deeply regret that none of the peace initiatives organized hitherto has succeeded in bringing the fighting to an end. They call for a cease-fire, the cessation of all military operations and the withdrawal of forces to internationally recognized frontiers; and for a just and honourable settlement negotiated in accordance with the resolutions of the UN Security Council and acceptable to both parties.

Session of the European Council

Stuttgart, 17 and 19 June 1983

Conclusions

At a time when the European Community is faced with enormous social and economic challenges and is in the process of negotiating a third enlargement ten years after the first accession, the European Council has decided to take broad action to ensure the relaunch of the European Community.

In the course of the coming six months a major negotiation will take place to tackle the most pressing problems facing the Community so as to provide a solid basis for the further dynamic development of the Community over the remainder of the present decade.

With regard to the importance, complexity and linkage of the problems, negotiations will be started under a special emergency procedure. For this purpose special Council sessions will take place at the level of Foreign Ministers and Finance Ministers; where necessary other Ministers will also participate, especially Ministers of Agriculture. State Secretaries may assist the Ministers.

The result of the negotiation will be submitted to the European Council meeting in Athens on 6 December 1983.

The negotiation will cover the subjects mentioned in the conclusions of the European Council of 21 and 22 March 1983: the future financing of the Community, the development of Community policies, the issues relating to enlargement, particular problems of certain Member States in the budget field and in other fields and the need for greater budgetary discipline.

Decisions will be taken in common on all these questions at the end.

The negotiation will aim at examining all the existing policies with particular attention to the common agricultural policy.

The examination of policies will take place with the purpose on the one hand of modernizing and making more effective the existing policies and to determine the priority areas for new Community action, and on the other hand to ensure that policies are cost effective and that economies are made wherever possible.

The negotiation will in addition aim at a more balanced and equitable situation, also in financial terms from the point of view of the interests of the different Member States and of the Community as a whole.

The negotiation will be based on the following guidelines:

The common agricultural policy

The basic principles of the common agricultural policy will be observed in keeping with the objectives set forth in Article 39 of the Treaty establishing the EEC. The common agricultural policy must be adapted to the situation facing the Community in the foreseeable future, in order that it can fulfil its aim in a more coherent manner.

The following questions will in particular be examined:

- price policy,
- thresholds for guarantees, in relation to objectives for production,
- co-responsibility of producers,
- intervention arrangements,
- arrangements on export refunds,
- substitutes and Community preferences,
- compensatory amounts,
- aids and premium arrangements,
- internal barriers to trade,
- type and size of farms, and particular situations of the various categories of farmers,
- the need for strict financial guidelines,
- external agricultural policy,
- special problems arising in certain regions, such as in the Mediterranean regions, in mountain areas or other regions at a disadvantage because of natural or economic features.

The examination will result *inter alia* in concrete steps compatible with market conditions being taken to ensure effective control of agricultural expenditure by making full use of available possibilities and examining all market organizations.

All Member States must contribute to achieving the savings.

Proposals will be submitted by the Commission by 1 August 1983.

The European Council has taken note of the communications of the Commission on integrated Mediterranean programmes, which aim in particular at modernizing Mediterranean agriculture and its better integration into the general economy. It asks the Council to examine them as soon as the Commission's proposals are submitted.

Other policies

Development of policies and new Community action

The European Council is determined to develop and make more effective Community action in research, innovation and the new technologies with a view to facilitating cooperation between enterprises. On the basis of proposals by the Commission, decisions will be taken on new Community actions making use of the Community dimension to improve the international competitiveness of enterprises.

Negotiations on certain projects of an exemplary nature, e.g. the Esprit programme, should be concluded as soon as possible. Likewise, concrete progress should be made towards uniform standards and norms.

The protection of the environment, employment policy, in particular concerning young people, and social policy will be given equally high priority.

Budgetary discipline

Expenditure must also be controlled, in cooperation with the European Parliament, outside the agricultural sector. Policies are to be developed within the bounds of financial feasibility and supplemented through new actions, which must be incorporated in an economically suitable way into Community policies.

By 1 August 1983 the Commission will present a report with proposals for increasing the effectiveness of the Community's structural funds (the Regional Fund, the Social Fund and the Guidance Section of the EAGGF). It will concentrate on a more consistent coordination of policies to avoid duplication of effort and expenditure and to achieve greater budgetary discipline.

On the basis of this report, the policies in question will be reviewed and priorities determined on the basis of urgency and importance.

Own resources and particular problems of certain Member States

The objective is:

- (i) to secure the financing of Community policies and actions and their further development over a longer period of time taking into account the additional financial requirements which would flow from the accession of Spain and Portugal, while exhausting all possibilities for savings;
- (ii) to agree measures which, taken as a whole, will avoid the constantly recurrent problems between the Member States over the financial consequences of the Community's budget and its financing; all appropriate ways and means will be examined to this end, in particular the proposal made by the Commission and the suggestions of certain Member States with a view to ensuring equitable financial situations for all Member States.

On the basis of the conclusions reached on development of policies improving budgetary discipline and the examination of the financial system, the extent and timing of the Community's requirements in terms of own resources will be determined.

Sound financial management

The Court of Auditors of the European Communities will be asked to review the sound financial management of Community activities and to submit a report by the end of 1983. This report will be followed up in the Court's annual reports.

Enlargement

The accession negotiations with Spain and Portugal will be pursued with the objective of concluding them, so that the accession Treaties can be submitted for ratification when the result of the negotiation concerning the future financing of the Community is submitted.

Compensation to the United Kingdom for 1983

The European Council, following the decision taken at its meeting on 21 and 22 March 1983 regarding compensation to the United Kingdom for 1983, agreed on the amount of 750 million ECU net for this purpose. Consequential figures will be incorporated in the draft Community budget for 1984.

This decision was taken in the context of the adoption of the declaration on the future financing of the Community.

Economic recovery

The European Council considers that the prospects for sustained and non-inflationary economic recovery should be reinforced by developing and defining more precisely the action initiated Community-wide, and thus providing the Community's contribution to the implementation of guidelines adopted by the OECD Council of Ministers.

In this context the need to sustain the effort to promote the level of employment and productive investment was emphasized.

The European Council therefore requests the Commission, within the coming months:

- (i) to prepare a detailed analysis of the nature and extent of the recovery and what the authorities are already doing to support, consolidate and accelerate it;
- (ii) to make full use of Community financial instruments in a coordinated manner to sustain and consolidate the economic recovery;
- (iii) on this basis, to indicate what new factors the Member States and the Community can bring forward to underpin the recovery, as and when necessary.

Youth employment

The European Council expresses its profound anxiety in the face of a situation where more than 4,5 million young people in the Community are without jobs, including more than one and a half million who have been unemployed for more than a year.

It takes note of the importance of the Member States embarking upon sustained action in this area forthwith.

It welcomes with satisfaction the decisions of the Council on the reform of the European Social Fund, which will allow a high degree of priority to be given to the fight against youth unemployment.

The resources of the Fund will be directed to those countries and regions where unemployment, and in particular youth unemployment, is at its highest.

It further welcomes the resolutions on vocational training in the 1980s and on vocational training measures in relation to the introduction of new information technologies.

The European Council expects of these Community measures as speedy and lasting an effect as possible and stresses how important it is that the Member States should, as a concomitant measure, persevere in the efforts that they themselves have undertaken.

It calls upon the competent Community bodies actively to pursue consideration of the Commission's communication on the promotion of youth employment together with the memorandum on the reduction and readjustment of working time.

Internal market

The European Council notes that progress has been made in the strengthening of the internal market since the mandate given at Copenhagen, particularly on information procedures for standards, which has been identified as a key question, and on company law (with the adoption of the seventh Directive on consolidated accounts).

It regrets, however, that further progress on the other key questions (certification for third country products and frontier formalities) has not yet been forthcoming.

It in particular calls on the Council at its session of 21 June to make every effort to settle as many of the outstanding internal market matters as possible, as well as the equally relevant question of the reinforcement of the trade policy instruments. Appropriately constructive national positions will be worked out so that this aim is achieved.

Completion of the internal market must remain a priority aim; the measures decided at Copenhagen constitute only a first step in this direction; work must therefore continue *inter alia* on the removal of the various forms of distortion of competition that still exist, including trade barriers in the form of differences between national standards, as well as in the services sector.

Steel policy

Given the urgency of reaching agreement on the Community's steel policy for the time after 30 June 1983, the European Council expressed the hope that the Council will arrive at an agreement on this question.

Transport policy

The European Council emphasizes the importance of transport policy in completing the internal market. It notes with interest the ideas expounded in the memorandum submitted by the Netherlands Government. It asks the Council of Transport Ministers to continue the effort recently manifested in the concrete results achieved by the Council, thus testifying to the importance which this policy assumes for the Community.

Environment

The European Council underlines the urgent necessity of accelerating and reinforcing action at national, Community and international level aimed at combating the pollution of the environment. It underlines in particular the acute danger threatening the European forest areas which calls for immediate action.

The European Council welcomes in this connection the memorandum from the Federal German Government and the Commission communication which illustrates the urgency of the question and the necessity to take coordinated and effective initiatives both within the Community and internationally, particularly within the ECE, if an irreversible situation is to be avoided. It calls on the Environment Council to pursue its work on the different specific dossiers relevant to this problem and examine relevant initiatives proposed by the Commission, with a view to rapid significant progress.

The European Council also welcomed the conclusions of the Environment Council on the special case of lead in petrol. It emphasized the importance of reducing the amount of lead in the environment and called for progress which may lead to the use of leadless petrol.

UNCTAD VI

The European Council regards the Sixth United Nations Trade and Development Conference (UNCTAD VI) in Belgrade as a very important event in the North-South dialogue in 1983. The Conference is being held against the background of a difficult economic situation, particularly in many developing countries. The Community is participating in the Belgrade negotiations in a spirit of cooperation and readiness to discuss. The European Council agrees that it has special responsibility for maintaining and improving the marketing opportunities of the developing countries. This will be given concrete shape by means of a policy directed at growth and at maintaining and reinforcing the open nature of the Community. The European Council expects the Conference to contribute to strengthening confidence in the world economic recovery and to the promotion of development in the Third World. The Community will make a constructive contribution to that end.

Compensation for the United Kingdom

The European Council agreed on compensation for the United Kingdom for 1983.

Greek memorandum

The European Council is conscious of the special economic and social problems faced by Greece and the difficulties which these create in the process of integrating Greece into the European Communities.

The European Council agrees that the Community should play its part in helping to overcome these difficulties.

It welcomes in this connection the detailed and constructive examination of these problems undertaken by the Commission and the two communications which have resulted from this work. The communications clearly indicate that solutions can be found in the Community framework in order to permit the integration of Greece into the Community system in a harmonious and mutually beneficial manner.

It welcomes the fact that the Commission intends shortly to submit specific proposals (including their financial aspects) in various sectors complementing its earlier proposals. It invites the

Council to examine these proposals with a view to concrete decisions before the next European Council.

Questions relating to European political cooperation

Poland

At the moment when the important visit of Pope John Paul II is taking place in Poland, the Heads of State and Government reviewed the situation in that country, to which their peoples are linked by strong ties of solidarity.

At a time when the depth of the aspirations of the Polish people is more than ever apparent, they expressed their conviction that only a national reconciliation which takes full account of these aspirations can lead Poland out of its grave crisis.

CSCE

The Heads of State and Government reviewed the progress of the CSCE follow-up meeting in Madrid, noting with interest the timely and important initiative taken on 17 June by Señor Felipe Gonzalez as the Prime Minister of the host country. Their governments will examine this proposal with due care and in a positive spirit. They appeal to the governments of other participating States to do likewise. They reiterated their view that the adoption of a substantial and balanced concluding document at Madrid would register progress in the human dimension, open the way to a Conference on disarmament in Europe, give fresh impetus to the CSCE process and make a useful contribution to the improvement of East-West relations as a whole.

Middle East

The Heads of State and Government consider that the return of full sovereignty and final peace in Lebanon requires the complete and prompt withdrawal of foreign forces from its territory, except for those whose presence may be requested by the Lebanese Government.

They confirmed their full support for President Gemayel and his Government in their determined action to re-establish their authority over the entire territory of Lebanon. In this respect, they consider that the signing of the Israel-Lebanon agreement constitutes a step which must be followed by others. They consider, however, that peace will not be able to become a reality unless the security and legitimate interests of the other States and peoples of the region are taken into account.

They stated their readiness to use all the means at their disposal to support the efforts undertaken by the parties in question so as to find a broader area of agreement.

They remain convinced that a just, lasting and comprehensive peace in the Middle East can only be secured on the basis of the principles which they have stated many times in the past.

They again voiced their very serious concern at the distress of the Palestinian civilian population. They hope that the relevant international organizations will be allowed to assist this population without hindrance.

Central America

The Heads of State and Government confirmed their close interest in developments in Central America. They are deeply concerned at the economic and social conditions in many parts of the region, at the tensions which these create and at the widespread misery and bloodshed.

They are convinced that the problems of Central America cannot be solved by military means, but only by a political solution springing from the region itself and respecting the principles of non-interference and inviolability of frontiers. They, therefore, fully support the current initiative of the Contadora Group. They underlined the need for the establishment of democratic conditions and for the strict observance of human rights throughout the region.

They are ready to continue contributing to further development in the area, in order to promote progress towards stability.

Solemn Declaration on European Union

The Heads of State and Government received the report of the Foreign Ministers concerning the conclusions of their work on the German-Italian initiative on European Union following the mandate given by the European Council in November 1981. The Heads of State and Government and the Foreign Ministers of the Ten signed the Solemn Declaration on European Union. They expressed their deep satisfaction at this important step towards European Union.

Preamble

The Heads of State and Government of the Member States of the European Communities meeting within the European Council,

- resolved to continue the work begun on the basis of the Treaties of Paris and Rome and to create a united Europe, which is more than ever necessary in order to meet the dangers of the world situation, capable of assuming the responsibilities incumbent on it by virtue of its political role, its economic potential and its manifold links with other peoples;
- considering that the European idea, the results achieved in the fields of economic integration and political cooperation, and the need for new developments correspond to the wishes of the democratic peoples of Europe, for whom the European Parliament, elected by universal suffrage, is an indispensable means of expression;
- determined to work together to promote democracy on the basis of the fundamental rights recognized in the constitutions and laws of the Member States, in the European Convention for the Protection of Human Rights and the European Social Charter, notably freedom, equality and social justice;

- convinced that, in order to resolve the serious economic problems facing the Member States, the Community must strengthen its cohesion, regain its dynamism and intensify its action in areas hitherto insufficiently explored;
- resolved to accord a high priority to the Community's social progress and in particular to the problem of employment by the development of a European social policy;
- convinced that, by speaking with a single voice in foreign policy, including political aspects of security, Europe can contribute to the preservation of peace;
- recalling their decisions taken in Paris on 21 October 1972 and 10 December 1974, the Document on the European Identity of 14 December 1973 and the statement made by the European Council in The Hague on 30 November 1976 concerning the progressive construction of European Union;
- determined to achieve a comprehensive and coherent common political approach and reaffirming their will to transform the whole complex of relations between their States into a European Union,

have adopted the following:

1. Objectives

- 1.1 The Heads of State or Government, on the basis of an awareness of a common destiny and the wish to affirm the European identity, confirm their commitment to progress towards an ever closer union among the peoples and Member States of the European Community.
- 1.2 The Heads of State or Government reaffirm the declaration on democracy adopted by the European Council on 8 April 1978 which stated that respect for and maintenance of representative democracy and human rights in each Member State are essential elements of membership of the European Communities.
- 1.3 In order to achieve ever increasing solidarity and joint action, the construction of Europe must be more clearly oriented towards its general political objectives, more efficient decision-making procedures, greater coherence and close coordination between the different branches of activity, and the search for common policies in all areas of common interest, both within the Community and in relation to third countries.
- 1.4 Desiring to consolidate the progress already made towards European Union in both the economic and political fields, the Heads of State or Government reaffirm the following objectives:
 - 1.4.1 to strengthen and continue the development of the Communities, which are the nucleus of European Union, by reinforcing existing policies and

elaborating new policies within the framework of the Treaties of Paris and Rome;

1.4.2 to strengthen and develop European political cooperation through the elaboration and adoption of joint positions and joint action, on the basis of intensified consultations, in the area of foreign policy, including the coordination of the positions of Member States on the political and economic aspects of security, so as to promote and facilitate the progressive development of such positions and actions in a growing number of foreign policy fields;

1.4.3 to promote, to the extent that these activities cannot be carried out within the framework of the Treaties:

- closer cooperation on cultural matters, in order to affirm the awareness of a common cultural heritage as an element in the European identity;
- approximation of certain areas of the legislation of the Member States in order to facilitate relationships between their nationals;
- a common analysis and concerted action to deal with international problems of law and order, serious acts of violence, organized international crime and international lawlessness generally.

2. Institutions

The Heads of State or Government emphasize the importance of greater coherence and close coordination between the existing structures of the European Communities and European political cooperation at all levels so that comprehensive and consistent action can be taken to achieve European Union.

Matters within the scope of the European Communities are governed by provisions and procedures laid down in or pursuant to the Treaties of Paris and Rome and in agreements supplementing them. In matters of political cooperation, procedures which were agreed on in the Luxembourg (1970), Copenhagen (1973) and London (1981) reports will apply, together with other procedures to be agreed on if necessary.

2.1 The European Council

2.1.1 The European Council brings together the Heads of State or Government and the President of the Commission assisted by the Foreign Ministers of the Member States and a member of the Commission.

2.1.2 In the perspective of European Union, the European Council:

- provides a general political impetus to the construction of Europe;

- defines approaches to further the construction of Europe and issues general political guidelines for the European Communities and European political cooperation;
- deliberates upon matters concerning European Union in its different aspects with due regard to consistency among them;
- initiates cooperation in new areas of activity;
- solemnly expresses the common position in questions of external relations.

2.1.3 When the European Council acts in matters within the scope of the European Communities, it does so in its capacity as the Council within the meaning of the Treaties.

2.1.4 The European Council will address a report to the European Parliament after each of its meetings. This report will be presented at least once during each presidency by the President of the European Council.

The European Council will also address a written annual report to the European Parliament on progress towards European Union.

In the debates to which these reports give rise, the European Council will normally be represented by its President or one of its members.

2.2 The Council and its members

2.2.1 The consistency and continuity of the work needed for the further construction of European Union as well as the preparation of meetings of the European Council are the responsibility of the Council (General Affairs) and its members.

With a view to bringing the institutional apparatus of the Community and that of political cooperation closer together, the Council deals with matters for which it is competent under the Treaties in accordance with the procedures laid down by the latter, and its members will deal also, in accordance with the appropriate procedures, with all other areas of European Union, particularly matters coming within the scope of political cooperation.

The Member States will arrange their representation as provided for in their respective constitutions.

2.2.2 The application of the decision-making procedures laid down in the Treaties of Paris and Rome is of vital importance in order to improve the European Communities' capacity to act.

Within the Council every possible means of facilitating the decision-making process will be used, including, in cases where unanimity is required, the possibility of abstaining from voting.

- 2.2.3 To promote the objective of a Europe speaking with a single voice and acting in common in the field of foreign policy, the Governments of the Member States will make a constant effort to increase the effectiveness of political cooperation and will seek, in particular, to facilitate the decision-making process, in order to reach common positions more rapidly.

They recently adopted new arrangements in the London report of 13 October 1981.

In the light of experience they will continue in this direction, in particular by:

- strengthening the Presidency's powers of initiative, of coordination and of representation in relations with third countries;
- appropriately strengthening operational support for successive Presidencies, corresponding to the increasing tasks which they have to perform.

2.3 The Parliament

- 2.3.1 The Assembly of the European Communities has an essential role to play in the development of European Union.

- 2.3.2 The European Parliament debates all matters relating to European Union, including European political cooperation. In matters relating to the European Communities, it deliberates in accordance with the provisions and procedures laid down in the Treaties establishing the European Communities and in agreements supplementing them.

- 2.3.3 In addition to the consultation procedures provided for in the Treaties, the Council, its members and the Commission will, in keeping with their respective powers, respond to:

- oral or written questions from Parliament,
- resolutions concerning matters of major importance and general concern, on which Parliament seeks their comments.

- 2.3.4 The Presidency will address the European Parliament at the beginning of its term of office and present its programme. It will report to the European Parliament at the end of its term on the progress achieved.

The Presidency keeps the European Parliament regularly informed through the Political Affairs Committee of the subjects of foreign policy examined in the context of European political cooperation.

Once a year the Presidency reports to the European Parliament in plenary session on progress in the field of political cooperation.

- 2.3.5 Before the appointment of the President of the Commission, the president of the representatives of the Governments of the Member States seeks the opinion of the enlarged Bureau of the European Parliament.

After the appointment of the members of the Commission by the Governments of the Member States, the Commission presents its programme to the European Parliament to debate and to vote on that programme.

- 2.3.6 The Council will enter into talks with the European Parliament and the Commission with the aim, within the framework of a new agreement, of improving and extending the scope of the conciliation procedure provided for in the Joint Declaration of 4 March 1975.

- 2.3.7 In addition to the consultations provided for in the Treaties with respect to certain international agreements, the opinion of the European Parliament will be sought before:

- the conclusion of other significant international agreements by the Community,
- the accession of a State to the European Community.

The existing procedures for providing the European Parliament with confidential and unofficial information on progress in negotiations will be extended, taking into account the requirements of urgency, to all significant international agreements concluded by the Communities.

2.4 The Commission

The Heads of State or Government underline the particular importance of the Commission as guardian of the Treaties of Paris and Rome and as a driving force in the process of European integration. They confirm the value of making more frequent use of the possibility of delegating powers to the Commission within the framework of the Treaties. In addition to the tasks and powers laid down in those Treaties, the Commission is fully associated with the work of European political cooperation and, where appropriate, with other activities within the framework of European Union.

2.5 The Court of Justice

The Court of Justice of the European Communities has an essential role to play in progress towards European Union, by securing compliance with, and development of, Community law. Taking account of the respective constitutional provisions in their States, the Heads of State or Government agree to consider, on a case-by-case basis, the inclusion, as appropriate, in international conven-

tions between Member States, of a clause conferring on the Court of Justice appropriate jurisdiction with regard to the interpretation of the texts.

3. Scope

3.1 European Communities

The Heads of State or Government emphasize, in order to give renewed impetus to the development of Community policies on a broad front, the importance of the following policies:

- 3.1.1 An overall economic strategy in the Community to combat unemployment and inflation and to promote convergence of the state of economic development of the Member States. Priority should be given to encouraging productive investment and raising competitiveness as a basis for creating durable jobs, bringing about sustained economic growth and reducing unemployment. In this context, effective action in the social field to alleviate unemployment should be taken at both Community and national levels in particular by means of specific action on behalf of young people and by improved (*) harmonization of social security systems.
- 3.1.2 More effective coordination of the national economic policies, which is required for the achievement of the Community's overall objectives, in order to ensure that the main economic and sectoral objectives of the Member States are consistent with the maintenance and strengthening of the Community and with the object of consolidating the European Monetary System.
- 3.1.3 Strengthening of the European Monetary System, which is helping to consolidate an area of monetary stability in Europe and to create a more stable international economic environment, as a key element in progress towards Economic and Monetary Union and the creation of a European Monetary Fund.
- 3.1.4 Definition of Community instruments and mechanisms which will permit action geared to the situation and specific needs of the least prosperous Member States in an effort to tackle their structural problems and thereby to ensure the harmonious development of the Community.
- 3.1.5 Given the importance of the Community's external relations, strengthening of the common commercial policy and development of its external economic policy on the basis of common positions; the Community will, in this way, give effect to its special responsibility as the principal world trader and to its commitment to a free and open trading system.

In this context, improvement and coordination of national and Community development cooperation policies are needed in order to reflect more fully the

needs of the developing countries and the interdependence between them and Europe, and so that Europe plays a stronger and more stimulating role in relations between the industrialized and developing countries.

- 3.1.6 Completion of the internal market in accordance with the Treaties, in particular the removal of the remaining obstacles to the free movement of goods, capital and services, as well as the further development of a common transport policy.
- 3.1.7 Continued development of the common agricultural policy in harmony with other policies, respecting its objectives as defined in the Treaty and the principles of unity of the market, Community preference and financial solidarity, and taking into account the need to ensure a fair standard of living for the agricultural community and the need to achieve a better market equilibrium in some sectors. The problems of less favoured agricultural regions, including certain Mediterranean areas the development of which is heavily dependent on agriculture, merit special attention.
- 3.1.8 The development of an industrial strategy at Community level in order to strengthen industry, make it competitive and create productive jobs in Europe, in particular by encouraging investment and innovation. In order to provide the Community with the means for vigorous development in the long term, cooperation between enterprises in advanced technologies will be strengthened by the establishment of projects of common interest.

Efforts made by industry and Governments in the areas of energy and research will be complemented by coordination and appropriate actions at Community level.

- 3.1.9 Development of the regional and social policies of the Communities, which implies in particular the transfer of resources to less prosperous regions, so that all Community policies and instruments can play their full role and promote convergence and balanced development.

3.2 Foreign policy

In order to cope with the increasing problems of international politics, the necessary reinforcement of European political cooperation must be ensured, in particular by the following measures:

- intensified consultations with a view to permitting timely joint action on all major foreign policy questions of interest to the Ten as a whole;
- prior consultation with the other Member States in advance of the adoption of final positions on these questions. The Heads of State or Government underline their undertaking that each Member State will take full account of the positions of its partners and give due weight to the adoption and implementation of

common European positions when working out national positions and taking national action;

- development and extension of the practice by which the views of the Ten are defined and consolidated in the form of common positions which then constitute a central point of reference for Member States' policies;
- progressive development and definition of common principles and objectives as well as the identification of common interests in order to strengthen the possibilities of joint action in the field of foreign policy;
- coordination of positions of Member States on the political and economic aspects of security;
- increased contacts with third countries in order to give the Ten greater weight as an interlocutor in the foreign policy field;
- closer cooperation in diplomatic and administrative matters between the missions of the Ten in third countries;
- the search for common positions at major international conferences attended by one or more of the Ten and covering questions dealt with in political co-operation;
- increasing recognition of the contribution which the European Parliament makes to the development of a coordinated foreign policy of the Ten.

3.3 Cultural cooperation

With a view to complementing Community action and stressing that, in consideration of the membership of their States of the Council of Europe, they maintain their firm support for an involvement in its cultural activities, the Heads of State or Government agree to promote, encourage or facilitate the following, taking account of respective constitutional provisions:

- development of the activities of the European Foundation and the European University Institute in Florence;
- closer cooperation between establishments of higher education, including exchanges of teachers and students;
- intensified exchanges of experience, particularly among young people, and development of the teaching of the languages of the Member States of the Community;
- improving the level of knowledge about other Member States of the Community and of information on Europe's history and culture so as to promote a European awareness;

- examination of the advisability of undertaking joint action to protect, promote and safeguard the cultural heritage;
- examination of the possibility of promoting joint activities in the dissemination of culture, in particular as regards audio-visual methods;
- more extensive contacts between writers and artists of the Member States and wider dissemination of their works both inside and outside the Community;
- closer coordination of cultural activities in third countries, within the framework of political cooperation.

3.4 Approximation of laws

3.4.1 Approximation of laws in areas within the competence of the European Communities will be pursued and intensified through effective use of the measures provided for in the Treaties. In this context special attention should be given to further approximation in the field of the protection of industrial and commercial property, consumer protection and, whenever necessary, in the field of the law relating to companies.

3.4.2 With a view to complementing the approximation of laws within the European Communities, and having full regard, in particular, to the work of the Council of Europe, the Member States will endeavour to approximate their laws in other areas by having recourse to the appropriate instruments, including international conventions. A special effort will be made to implement or supplement without delay international conventions already negotiated between Member States in the Community framework, and notably those provided for by the Treaties.

3.4.3 Among new activities which can be conducive to the attainment of European Union, the following deserve special attention:

- the introduction of legal instruments which can strengthen cooperation among the judicial authorities of the Member States, notably in civil and commercial matters, and which can thereby make the administration of justice more efficient and less cumbersome;
- cooperation in the area of the suppression of infringements of Community law;
- identification of areas of criminal and procedural law in which cooperation between Member States might be desirable.

4. Final provisions

- 4.1 The Heads of State or Government stress the link between membership of the European Communities and participation in the activities described above.
- 4.2 European Union is being achieved by deepening and broadening the scope of European activities so that they coherently cover, albeit on a variety of legal bases, a growing proportion of Member States' mutual relations and of their external relations.
- 4.3 The Heads of State or Government will subject this Declaration to a general review as soon as the progress achieved towards European unification justifies such action, but not later than five years from signature of the Declaration.

In the light of the results of this review they will decide whether the progress achieved should be incorporated in a Treaty on European Union.

The opinion of the European Parliament will be sought on this subject.

(*) Danish reservations on paragraphs 1.4.2, 2.3.5, 2.3.6, 3.1.1, 3.4.3 and 4.3.

See Greek declarations in the minutes with reference to paragraphs 2.2.2 and 2.2.3.

Session of the European Council

Athens, 5 and 6 December 1983

Conclusions

The Presidency did not issue any communiqué or any declaration on political cooperation.

Session of the European Council

Brussels, 19 and 20 March 1984

Conclusions

The Presidency did not issue any communiqué. Topics discussed and matters pending:

Budgetary and financial discipline

The European Council considers it essential that the rigorous rules which at present govern budgetary policy in each Member State also apply to the budget of the Communities.

The level of Community expenditure will be fixed as a function of available revenue.

Budgetary discipline, which calls for a combined effort by all the institutions in the framework of their respective powers, will apply to all budget expenditure.

The European Council invites the Council of Ministers for its part:

- (i) to fix at the beginning of the budget procedure a reference framework, i.e. the maximum level of expenditure which it considers it must adopt to finance Community policies during the following financial year;
- (ii) so to proceed that the net expenditure relating to agricultural markets calculated on a three-yearly basis will increase less than the rate of growth of the own-resources base. This development will be assessed on comparable bases from one year to the next. Account will be taken of exceptional circumstances, in particular in connection with enlargement. The provisions laid down in the Commission document on financial guidelines concerning the common agricultural policy will be implemented;
- (iii) to undertake to comply with the maximum rate throughout the budget procedure as defined in Article 203 of the Treaty of Rome. At the first reading the Council will keep the increase in non-compulsory expenditure to a level no higher than half the maximum rate. At the second reading the Council will adopt a position such that the maximum rate is not exceeded.

The European Council invites the Council of Ministers to adopt by June 1984 the measures necessary to guarantee the effective application of the principles referred to above.

New policies

With a view to the creation of a genuine economic union, the Council intends, through specific commitments, both externally and internally, to give the European economy an impetus comparable to that which it gained from the founding of the customs union in the early 1960s.

The following priority objectives will be pursued:

- (i) convergence of economic policies and Community action, capable of promoting productive investment and thereby a vigorous and lasting economic recovery;
- (ii) development, in close consultation with the Community industries and bodies concerned, of Europe's scientific and technological potential;
- (iii) strengthening of the internal market so that European undertakings derive more benefit from the Community dimension;
- (iv) protection and promotion of employment, which is a crucial factor in Community social policy, especially as regards young people.

The European Council invites the Council of Ministers actively to pursue the examination of the Commission proposals which already meet these objectives and invites the Commission to report to it in time for its meeting in June on the progress made on relaunching Europe, laying particular emphasis on the following sectors:

- The European Council stresses the importance of the agreement reached on the launching of the Esprit programme, which is an exemplary cooperation project between undertakings.

It expects the Council of Ministers to specify without delay the other areas in which Community initiatives are called for.

A framework programme will be adopted before the end of the first half of 1984 in the areas of telecommunications and bio-technology. Scientific and technical cooperation and exchanges will be intensified in the Community, in particular by the encouragement given to mobility among researchers.

It agrees on the need to increase the proportion of Community resources devoted to financing priority Community research and development activities.

- The European Council is satisfied with the agreement reached on reducing technical barriers to trade and combating illegal commercial practices by the Community's partners, and considers that new measures need to be adopted rapidly to:

- (i) bring about a decisive simplification of formalities in trade within the Community and modernize the customs system;
 - (ii) harmonize European standards and products, and open up public contracts in the Member States to European undertakings;
 - (iii) harmonize conditions of competition and progressively liberalize trade in services, notably in the transport and insurance sectors, within specific time limits to be set by the Council before the end of the year;
 - (iv) implement a common transport policy and a transport infrastructure programme of Community interest;
 - (v) develop a suitable climate for cooperation between European undertakings by establishing a favourable legal and tax framework;
 - (vi) make full use of existing financial instruments to aid Community policies, including encouragement of productive investment.
- The European Council reaffirms that the ECU is the central element and pillar of the EMS. It is pleased with the spontaneous growth in the private use of the ECU and notes that the Council of Ministers is continuing its discussions with a view to developing the EMS by making specific adjustments.

Steps will be taken to encourage greater use of savings available within the Community for financing investment. The Council therefore considers that significant progress will be made in order to improve financial integration within the Community.

- The European Council asks that, before its next meeting in June 1984, the arrangements necessary for the organization of the European social area be prepared, with the aim of fully associating social forces with the economic and technological changes which are decisive for recovery prospects within the Community.

It also requests the Ministers for Education and the Commission to consider ways and means of promoting language teaching in each Member State.

Structural Funds

The European Council considers that the Structural Funds should become effective Community policy instruments aimed at reducing regional development lags and converting regions in industrial decline; promoting dynamic and competitive agriculture by maintaining and developing effective agricultural structures, in particular in the less-favoured regions; combating unemployment, in particular youth unemployment.

To that end:

- Management of the Funds will be improved having regard to the observations of the Court of Auditors and to the Commission report, in particular by a suitable evaluation of the aid they provide, by concentrating the Funds' activities and the elimination of any duplication, through improved cooperation between the Commission and the Member States.
- An attempt will be made to coordinate the activities of the various Funds, for example in the form of integrated programmes.

With this in mind, integrated Mediterranean programmes will be launched in favour of the southern regions of the present Community so as to be operational in 1985. Designed to be of limited duration, such programmes will have as their aim improvement of the economic structures of those regions to enable them to adjust under the best conditions possible to the new situation created by enlargement. They will also cover problems raised in the Greek memorandum.

- The financial resources allocated to aid from the Funds, having regard to the IMPs, will be significantly increased in real terms within the limits of financing possibilities.

The current discussions initiated on the basis of the Commission's proposals, relating to the revision of the ERDF and the EAGGF Guidance Section, must be concluded before the next meeting of the European Council.

Session of the European Council

Fontainebleau, 25 and 26 June 1984

Conclusions

The European Council, meeting at Fontainebleau on 25 and 26 June 1984, adopted the decisions on the questions left in abeyance at its meeting in Brussels on 19 and 20 March 1984.

The European Council also confirmed the points of agreement which it has reached in Brussels. It took note of the progress made in regard to new policies and discussed environment and health issues. It adopted new guidelines for the reactivation of European cooperation.

Budgetary imbalances

1. Expenditure policy is ultimately the essential means of resolving the question of budgetary imbalances.

However, it has been decided that any Member State sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time.

The basis for the correction is the gap between the share of VAT payments and the share of expenditure allocated in accordance with the present criteria.

2. As far as the United Kingdom is concerned, the following arrangement is adopted:
 - for 1984, a lump sum of 1 000 million ECU is fixed;
 - from 1985 the gap (base of the correction) as defined in paragraph 1 is, for the period referred to in paragraph 4, corrected annually at 66%.
3. The corrections foreseen in paragraph 2 will be deducted from the United Kingdom's normal VAT share in the budget year following the one in respect of which the correction is granted. The resulting cost for the other Member States will be shared among them according to their normal VAT share, adjusted to

allow the Federal Republic of Germany's share to move to two-thirds of its VAT share.

4. The correction formula foreseen in paragraph 2 (second indent) will be a part of the decision to increase the VAT ceiling to 1,4%, their durations being linked.

One year before the new ceiling is reached, the Commission will present to the Council a report setting out the state of play on:

- the result of the budgetary discipline;
- the Community's financial needs;
- the breakdown of the budgetary costs among Member States, having regard to their relative prosperity, and the consequences to be drawn from this for the application of the budgetary corrections.

The Council will re-examine the question as a whole and will take the appropriate decisions *ex novo*.

Own resources and enlargement

The maximum rate of mobilization of VAT will be 1,4% on 1 January 1986; this maximum rate applies to every Member State and will enter into force as soon as the ratification procedures are completed, and by 1 January 1986 at the latest.

The maximum rate may be increased to 1,6% on 1 January 1988 by unanimous decision of the Council and after agreement has been given in accordance with national procedures.

The European Council confirms that the negotiations for the accession of Spain and Portugal should be completed by 30 September 1984 at the latest. Between now and then the Community will have to make every effort to create the right conditions for the success of this enlargement, both in the negotiations with Spain on fisheries to ensure the conservation of fish stocks and also by reforming the common organization of the wine market to ensure that the quantities of wine produced in the Community are controlled, and by means of a fair balance between agricultural and industrial agreements.

Financing of the 1984 budget

The European Council agreed that, pending national parliaments' ratification of the increase in own resources, steps will be taken at the next (Budget) Council meeting to cover the needs of the 1984 budget to ensure that the Community operates normally.

Dismantling of positive monetary compensatory amounts in the Federal Republic of Germany

The European Council asks the Commission to propose, and the Council to decide on, measures which will enable VAT relief for German agriculture under the German national budget to be increased from 3% to 5% with effect from 1 July 1984 until 31 December 1988 in compensation for dismantling the monetary compensatory amounts; the compensation shall not exceed the amounts dismantled.

Social policy

The European Council asks the Commission to carry out the work programme set out in the Community's medium-term social action plan and to forge ahead with the work stemming from the Council's conclusions on technological change and social adjustment and with that on production organization.

A people's Europe

The European Council considers it essential that the Community should respond to the expectations of the people of Europe by adopting measures to strengthen and promote its identity and its image both for its citizens and for the rest of the world.

An ad hoc committee will be set up to prepare and coordinate this action. It will be composed of representatives of the Heads of State or Government of the Member States.

The European Council approves the agreement reached on the principle of creating a European passport and asks the Council to take the necessary decisions to ensure that this passport is actually available to Member States' nationals by 1 January 1985 at the latest.

It asks the Council and the Member States to put in hand without delay a study of the measures which could be taken to bring about in the near future, and in any case before the middle of 1985:

- a single document for the movement of goods;
- the abolition of all police and customs formalities for people crossing intra-Community frontiers;
- a general system for ensuring the equivalence of university diplomas, in order to bring about the effective freedom of establishment within the Community.

The Committee will examine inter alia the following suggestions:

- symbols of the Community's existence, such as a flag and an anthem;

- formation of European sports teams;
- streamlining procedures at frontier posts;
- minting of a European coinage, namely the ECU.

It would also like Member States to take steps to encourage young people to participate in projects organized by the Community beyond its frontiers, and in particular to support the creation of national committees of European volunteers for development, bringing together young Europeans who wish to work on development projects in the Third World.

The ad hoc committee will also examine the following suggestions:

- measures to combat drug abuse;
- the twinning of children's classes.

The Commission will contribute to the proceedings of the Committee within the limits of its powers.

Ad hoc Committee on Institutional Affairs

The European Council decided to set up an ad hoc committee consisting of personal representatives of the Heads of State or Government, on the lines of the 'Spaak Committee'.

The Committee's function will be to make suggestions for the improvement of the operation of European cooperation in both the Community field and that of political, or any other, cooperation.

The President of the European Council will take the necessary steps to implement that decision.

Session of the European Council

Dublin, 3 and 4 December 1984

Conclusions

Economic and social situation

The European Council welcomed the priority given to the problem of unemployment in the Commission's recently published Annual Economic Report. It therefore supports the balanced guidelines in the report, which embodies a consistent economic policy framework for improving supply and demand conditions; and it considers that these guidelines should be speedily implemented. In particular it agreed that the Council, in its appropriate formations:

- should initiate a review of manpower policy to reorientate training towards sectors where labour will be needed, and take steps to encourage job mobility and foster enterprise, especially amongst the young;
- should take steps to complete the internal market, including implementation of European standards;
- should pursue and accelerate its consideration of measures to achieve a greater role for the ECU and develop and strengthen the European Monetary System, on the basis of the relevant Commission communications;
- should implement without delay the firm political commitments agreed by the European Council at its meetings of Brussels and Fontainebleau in the field of transport policy;
- should adopt further measures to strengthen the technological base of the Community and restore competitiveness; to this end, the Commission is asked to submit an appropriate draft action programme to the next European Council.

The European Council agreed that the Community and the Member States should take measures, including concertation of economic policies designed, in the words of the preamble to the Rome Treaty, to reduce the differences existing between the various regions and the backwardness of the less-favoured regions.

In regard to any possible faltering of the European and world recovery of output and employment the European Council also asked the Council (Economic and Financial Affairs) and the Commission to keep external developments under continuous review. It requested them to report back to its meeting in March on what measures might be appropriate for the Community or may already have been initiated to assure the objective of a progressive increase in the actual and potential growth rate for the Community to the benefit of employment.

Environment

The European Council asked Environment Ministers at their Council meeting on 6 December to make every effort to reach agreement on the guidelines for a Community policy on the reduction of lead in petrol and vehicle emissions.

The Council agreed to have a substantive discussion on environmental issues at their next meeting in March 1985.

Ad hoc Committee on Institutional Affairs

The European Council has taken note of the interim report by the ad hoc Committee on Institutional Affairs. It recognized its great quality and the need for the Committee to continue its work with a view to securing the maximum degree of agreement. The Council agreed that the interim report should be published.

The European Council, for its next meeting in March 1985, has asked the Committee to complete its work and submit a report which, after preliminary consideration at that meeting, will be the main subject of the European Council in June 1985.

Ad hoc Committee on a People's Europe

The European Council noted with interest the interim report of this Committee and requested the Committee to make a further report to the European Council next March.

Council report on European Union

The European Council approved the annual report on European Union. This report will be forwarded to the European Parliament as provided for in the Solemn Declaration on European Union.

Famine in Africa

In the face of the serious difficulties currently being experienced by many countries of Africa, especially those, like Ethiopia or the Sahel countries, which are suffering the effects of an unprecedented drought and the ravages of malnutrition and famine, the European Council stresses the urgency of taking concerted international action.

The European Council believes that the total to be provided by the Community and its Member States between now and the next harvest should be 1,2 million tonnes.

The Commission, after consultation with Member States to establish the amount of grain that will be provided by Member States, will make a proposal to the Council with respect to any additional Community effort that may be needed to attain the figure of 1,2 million tonnes and the European Council invites the Council of Ministers to take any necessary decisions on the basis of such a Commission proposal in order to secure the achievement of the 1,2 million total. The European Council appeals to other donor countries to match this effort by the Community and its Member States in order that the total need of these States, currently estimated at 2 million tonnes, will be met.

It stresses the need for urgent action to avoid threatened shortfalls in the months immediately ahead.

It notes the need for improved coordination between the Community, its Member States, other donors and non-governmental organizations, in order to increase the efficiency and pace of implementation of emergency aid measures and invites the Commission to initiate action in this regard.

The European Council acknowledges the need to undertake urgent action to speed up and support the recovery and rehabilitation process in African countries and to provide the Community's active support for their efforts to achieve self-sufficiency and security in food; also in implementing long-term operations to combat drought and desertification.

The European Council emphasizes the will of the Ten, in all international negotiations, to support initiatives to strengthen solidarity between the industrialized countries and the countries of the Third World and thus to foster development.

It welcomes the declaration on the critical economic situation in Africa just adopted by the UN General Assembly.

It notes with satisfaction the successful conclusion of the negotiations for the renewal of the Lomé Convention which links the European Community, its Member States, and the African, Caribbean and Pacific States. The fact that the progress achieved so far has been consolidated bears witness to the strength and vitality of this cooperation.

Political cooperation

Middle East

The 10 Heads of State or Government discussed the situation in the Middle East. They reaffirmed their desire to see urgent efforts made to establish peace and stability there and their willingness to assist efforts to that end.

Arab-Israeli conflict

The Ten regard it as vitally important that renewed efforts should be made towards negotiations for a settlement of the Arab-Israeli conflict. They note with satisfaction expressions of interest of both sides in a process of movement towards negotiations and they hope that this declared interest will be further built on. They remain convinced that a just, lasting and comprehensive peace in the Middle East can only be secured on the basis of the principles which they have stated many times in the past and to which the Ten continue to adhere.

In order to find a lasting solution, no amount of effort by third parties can be a substitute for direct negotiations among the parties themselves - the Arab States, Israel and the Palestinian people - which must recognize mutually each other's existence and rights.

They call on all parties to implement the provisions of Security Council Resolutions 242 and 338. They renew their call for an end to the illegal policy of settlements in the occupied territories.

The Ten have noted the recent holding of the Palestine National Council in Amman. They continue to believe that the PLO must be associated with peace negotiations.

The Ten have consistently offered to assist in any way open to them in attempts to identify common ground between the parties. The Ten both collectively and individually have maintained contact with all parties. In continuation of this policy, the European Council considers that such contacts should be developed with a view to seeking ways of promoting movement towards negotiation and improvement of the situation in the region.

Lebanon

The 10 Heads of State or Government welcomed the negotiating process with UN involvement which has begun at Naqoura and hope that this will lead to complete Israeli withdrawal from Lebanon in accordance with the call of the Security Council. They recalled their position in favour of the full sovereignty, independence and territorial integrity of Lebanon and their belief that this can only be effected in circumstances where all foreign forces are withdrawn from the country except those whose presence is requested by the Lebanese Government. The Ten, some of whom contribute to observer and peacekeeping operations in Lebanon, reaffirmed their willingness to assist that country's return to peace and normality.

Iran-Iraq

The Ten note with concern that this conflict has now entered its fifth year and that numerous efforts to bring about a cease-fire and negotiations have not so far met with success. They will continue to work for an early, just and honourable settlement and will give full support to any efforts to limit the scope of the conflict. An end now to the slaughter and destruction would spare many on both sides and allow Iran and Iraq, with both of whom the Ten desire good relations, to pursue their development in peace.

East-West relations

The Ten have sought, during a difficult period in East-West relations, to keep open all channels of dialogue and to work for more cooperative and more stable relations between East and West. They will continue to seek constructive, comprehensive, and realistic dialogue with the Soviet Union and the countries of Eastern and Central Europe and, wherever possible, to develop further existing cooperation with them. They look for a similar positive response. They believe that the way to achieve a lasting improvement in international security is to build a broader understanding and new confidence between East and West.

The Ten attach the highest importance to the achievement of effective arms control and disarmament agreements on both nuclear and conventional weapons, as well as a convention to outlaw chemical weapons. The Heads of State or Government therefore welcome the recently announced US-Soviet agreement to enter into new negotiations with the objective of reaching mutually acceptable agreements on the whole range of questions concerning nuclear and outer space arms. They hope that the meeting due to take place on 7 and 8 January 1985 between US Secretary of State Shultz and Soviet Foreign Minister Gromyko will be followed by early substantive negotiations designed to bring balanced reductions of intercontinental strategic nuclear weapons and intermediate nuclear forces to the lowest possible level, and to avert effectively the danger of an arms race in outer space.

In expressing their strong support for such talks, the 10 Heads of State or Government reaffirm their own determination to do everything possible to ensure progress in the negotiations in which the Ten are taking part, notably the conference in Stockholm on confidence- and security-building measures and disarmament in Europe. The agreement recently arrived at on a working structure for the conference is a welcome development which they hope will permit substantive negotiations to get under way at Stockholm on concrete measures designed to lead to a real increase in confidence and security in Europe.

The 10th anniversary of the signature of the Helsinki Final Act in 1985 will serve to underline the continuing central role which the CSCE process plays in East-West relations. The Ten have already indicated that they will be ready to be represented at high level at the anniversary commemoration on the assumption that the international climate will make this appropriate. The Ten will continue to seek through the CSCE process more secure and more cooperative relations between the participating States, and greater contact between their peoples. In working to fulfil the Helsinki Final Act objective of promoting better relations among the CSCE participating States and ensuring conditions in which their people can live in true and lasting peace free from any threat to or attempt against their security, the Ten will continue to emphasize the importance which they attach to the full implementation of all the provisions of the Final Act, including those relating to human rights and fundamental freedoms.

Central America

The Heads of State or Government note with satisfaction the inauguration of a new structure of political and economic dialogue between Europe and Central America at the conference held at San José, Costa Rica on 28 and 29 September 1984 between the Ministers of the European Community, Portugal and Spain, the Central America countries and the Contadora Group.

The Heads of State or Government reiterate the statement on Central America which they made on 19 June 1983 at Stuttgart. In particular, they reaffirm their conviction that the problems of the region cannot be solved by armed force but only by a political solution springing from the region itself and respecting the principles of non-interference and inviolability of frontiers.

The Ten remain convinced that the Contadora process is the best opportunity to achieve a political solution to the crisis in the region. They hope that the efforts being made to reach agreement on the final text of the Contadora Act will come to early fruition and they urge all those concerned to work towards this end. They reaffirm the willingness which they expressed at San José to support, within their capabilities and if requested, the efforts of those States to which it falls to implement the provisions of any agreement.

Terrorism and the abuse of diplomatic immunity

The Heads of State or Government welcomed the set of principles on terrorism and abuse of diplomatic immunity adopted by the Foreign Ministers of the Ten on 11 September. The Heads of State or Government agreed that this represented a significant step forward in the Ten's efforts to counter an increasingly serious problem and noted with satisfaction that these principles are now being applied.

Annex I

Table wine

The Council of Ministers, noting the European Council's conclusion at Fontainebleau that reform of the common market organization for wine is one of the conditions necessary for successful enlargement of the Community, has examined the Commission's report on the situation in the wine market and its associated proposals. As a result of that examination the Council has taken the following decisions on table wine:

1. The reduction of wine-producing potential is an essential element of the reform of the wine market organization.

The Council has noted the Commission proposals on this and signifies its agreement to the principle of measures to encourage grubbing-up and to limit replanting rights.

The Agricultural Council is given the task of taking the decisions which are necessary, before the next meeting of the European Council, taking the particular conditions of each region into account.

2. In a further effort to improve the structure of the wine sector, only investments to improve wine quality without increasing quantity will be financed under Regulation No 355/77, while a Regulation to improve the structure of Greek vineyards and the Greek wine industry will be adopted by 31 January 1985 for an area of 20 000 hectares.

3. Other measures are necessary to ensure, as of now, the balance of the wine market, in particular a strengthening of the compulsory distillation machinery as provided for in Article 41 of the basic regulation, along the following lines:
- (a) where a serious market imbalance exists, compulsory distillation will be triggered by the Commission under the Management Committee procedure; a serious market imbalance is deemed to exist:
 - when the stocks as defined in Article 41 (1), first indent, of Regulation No 337/79 exceed four months' normal utilization; or
 - when the market prices remain below 82% of the guide price during a representative period; or
 - when, for a wine marketing year, the data in the advance estimate show that production is exceeding normal utilization by more than 9%;
 - (b) the Commission will fix the quantities which must be sent for compulsory distillation so as to eliminate the production surplus and, in this way, re-establish a normal market situation, in particular regarding stock levels and prices;
 - (c) where the compulsory distillation is triggered, the Commission will make known the compulsory distillation obligations of each region, grouped by Member State.

While the responsibility for ensuring the implementation of the compulsory distillation thus rests with the Member States, the volume to be distilled compulsorily will be divided:

- among the regions of the Community in proportion to the production volumes exceeding a specified level for each one of them, equal to a uniform percentage of their average harvest over the three wine years 1981/82, 1982/83 and 1983/84; this average base period may be modified by the Commission after the 1989/90 marketing year to take account of the evolution in production and in particular the results of the grubbing-up policy;
 - within each region, among producers, on the basis of yield per hectare on a scale fixed by the Commission under the Management Committee procedure; the scale may vary by region, account being taken of yields obtained in the past; the producers may subtract the quantities sent for preventive distillation from their obligations under the compulsory distillation; for 1985/86 the rules will be adapted to provide for the administrative arrangements to be applied to Greece for that year;
- (d) for the 1985/86, 1986/87 and 1987/88 wine marketing years the price of compulsory distillation will be 50% of the guide price for the first 10

million hectolitres of such distillation and 40% for quantities in excess of that.

The Council shall review the prices for the 1988/89 and 1989/90 wine marketing years in the light of the progress in reducing the imbalance in the table wine sector;

- (e) these additional measures will in principle continue until the end of the 1989/90 marketing year. The Council, on the basis of a report from the Commission dealing in particular with the effect of the structural measures and including where appropriate proposals on the future organization of the wine market, shall decide whether they can be repealed or replaced by other measures that will guarantee balance in the wine market.
4. The Council requests the Commission to undertake a thorough study of the possibilities of using concentrated must and sugar and to report back to it in 1990. The Council will then take a view on the measures to be taken in the area of enrichment.

The degree of alcohol obtained by the use of sucrose or reduced-price concentrated grape must will be deducted on a flat-rate basis when the buying-in price for distillation is calculated. Furthermore, from 1988 the quantity of table wine to be distilled in the Federal Republic of Germany shall not exceed 1 million hectolitres. In years in which, owing to weather conditions or market trends, this limitation might lead to serious disruption of the market, the Council will make the appropriate adjustment.

5. No changes are made in the present arrangements in regard to quality wines psr.
6. The Council undertakes to apply a restrictive price policy in the wine sector, as proposed by the Commission, just as long as the compulsory distillations show the existence of surpluses not marketable in normal conditions.

Annex II

Statement by the Greek Prime Minister

The Greek delegation does not agree with enlargement unless a satisfactory position of the Community is taken on integrated Mediterranean programmes. This is also the Greek position concerning wine.

Session of the European Council

Brussels, 29 and 30 March 1985

Conclusions

Enlargement

The European Council noted with great satisfaction that the essential points in the accession negotiations with Spain and Portugal have now been settled, as a result, in particular, of the considerable effort made by all parties in the week leading up to the European Council, resulting in solutions to the key issues of fisheries, agriculture, social affairs and the own resources system.

The European Council called upon the Community bodies, together with the applicant countries, to complete the drafting of the accession treaty as soon as possible so that actual enlargement of the Community could take place on 1 January 1986 in accordance with the political resolve repeatedly expressed at the highest level.

Economic and social situation

The European Council discussed the Community's current economic situation, which continues to be characterized by an unacceptable rate of unemployment, even though there has been an improvement in other economic factors such as inflation rates, balance of payments, the reduction of budget deficits, convergence of the economic policies of the Member States and the process of industrial restructuring.

The European Council reaffirmed the prime importance for each Government and the Community of combating unemployment through sustained, more employment-intensive economic growth, and asked the Council (Ministers for Economic and Financial Affairs) to report on the matter to the next European Council.

It stressed the importance of completing the implementation of the economic strategy approved to that end in Dublin in December 1984 and the determination of all the member governments of the Community to pursue in a concerted manner all the measures and policies which go to make up that strategy.

In this connection, the European Council laid particular emphasis on the following four fields of action:

- action to achieve a single large market by 1982, thereby creating a more favourable environment for stimulating enterprise, competition and trade; it called upon the Commission to draw up a detailed programme with a specific timetable before its next meeting;
- action to encourage the creation and development of small and medium-sized undertakings, particularly by significantly reducing the administrative and legal constraints to which they are subject; it called upon the Commission to report to the Council on the problems in this sector and on the measures to be taken at national and Community level, particularly with regard to administrative simplification;
- action to adjust and adapt working conditions to the new social, economic and technological circumstances in order to increase the efficiency of the labour market; it called upon the Commission to submit any proposal it might consider useful in this area;
- specific action to expand employment, including a Commission study of the potential for using the Social Fund to promote innovative model schemes, and programmes for solving the employment problems of certain disadvantaged social categories.

The European Council expressed its concern at the current international monetary instability which threatens to endanger the Community's economic recovery; it stresses the responsibility incumbent on all industrialized countries in the efforts to be made to achieve greater stability on exchange markets and to strengthen the international financial system.

The European Council stresses the importance of the decision adopted by the Council of Ministers with regard to all the factors which will enable a new round of multilateral trade negotiations to be initiated in Brussels as soon as possible.

This new round will represent an important contribution to the campaign against protectionism.

Strengthening the technological base and competitiveness of Community industry

The European Council reiterates the importance of strengthening the technological base and competitiveness of industry; it recalls that such strengthening was one of the major objectives of the guidelines which it adopted in March 1984 for the future development of the Community.

It considers that this aspect, which is vital for the Community's future, requires:

- firstly, improvement of the environment in which undertakings operate so as to encourage their capacity for industrial innovation and their commercial enterprise;
- secondly, better utilization of the Community dimension by States and above all by undertakings so as enable the latter to develop in a competitive, unified and open market.

It reiterates its commitment to increasing the Community resources earmarked for research and development.

The European Council welcomes the Commission's memorandum and endorses a number of specific objectives, namely:

- achieving complete unification of the internal market, in particular by the mutual recognition of standards, the creation of European standards in appropriate cases, the opening up of public contracts, and stricter rules on aid to industry;
- adapting the Community's external commercial policy to its objectives as regards new technologies, in the framework of GATT;
- strengthening and making better use of the scientific and technological potential of the Community;
- making better use of human resources, in particular by means of increased mobility for students and researchers by recognizing certain high-level establishments as Community 'centres of excellence';
- encouraging innovation and establishing an information market;
- achieving a breakthrough in telecommunications.

The European Council calls on the Council of Ministers actively to pursue the examination of the Commission's current proposals, which already correspond to these objectives, and to initiate the examination of any new proposals which the Commission considers it appropriate to submit.

At each European Council, the Commission will submit a stage report on the progress achieved in strengthening technological cooperation and the competitiveness of the European economy.

Environment

In accordance with its decision taken in Dublin in December 1984, the European Council devoted part of its present meeting to the serious problems raised by the considerable deterioration of the environment and to the question of remedial measures to be taken.

In this connection, the European Council noted with satisfaction the useful work done by the Environment Council in the field of combating air pollution caused by exhaust gases from motor vehicles; it noted that this progress is an important stage in the achievement, on a Community scale, of a genuine overall and balanced environmental protection policy and expressed the desire, firstly, that this work take practical form as soon as possible and, secondly, that similar progress be made regarding pollution caused by large-scale combustion plants.

The European Council considers that a Community environmental protection policy must be based on the following considerations:

- Having acknowledged that this policy can contribute to improved economic growth and job-creation, it affirms its determination to give this policy the dimension of an essential component of the economic, industrial, agricultural and social policies implemented by the Community and by its Member States.
- It acknowledges the need for the Member States to take coherent action in the Community framework to protect the air, the sea and the soil, since isolated action is unlikely to prove effective and may even be harmful.

It requests the Council to expedite its proceedings and to make every effort, together with the Commission, to ensure that the years to come are marked by significant progress in Community action for the protection of the environment in Europe and throughout the world.

In this connection, the European Council has decided that 1987 will be designated 'European Environment Year'.

Hunger in the world

The European Council, concerned by the dramatic situation of certain African countries and the risk of its worsening, noted that the action it had decided on in Dublin to combat famine in Africa had been rapidly implemented. It welcomed the fact that the Community's action and the mobilization of the Member States had made it possible to go beyond the commitments entered into in Dublin and had given the lead for initiatives by other industrialized countries.

The Community and its Member States will continue to keep a close eye on developments in the situation, together with the other donors.

The European Council called for a continuation of the efforts already undertaken to improve the effectiveness of the action set in motion, thanks to Community and international coordination, particularly on the ground, in order to ensure that deliveries reach all the famine victims.

The European Council stresses the need for short-term aid to be supplemented by medium and long-term structural measures which alone can enable the countries concerned to re-establish their food production potential and, by their own means, face up in future to the problem of their food security.

The European Council noted the Commission's intention of sending it a report on the implementation of aid, following the fact-finding visit which Vice-President Natali is shortly to make to Africa.

A people's Europe

The European Council examined the report from the Committee on a People's Europe; it considered and agreed to both the proposals for immediate implementation and those relating to long-term objectives.

It therefore requests the Council of Ministers to take those decisions which are within its sphere of competence as quickly as possible. It also requests the Commission to take the necessary steps for putting the report's proposals into practice. Lastly, it invites the Member States to implement those decisions which are within their field of competence.

In this context, the European Council emphasizes that the achievement of the objective of abolishing frontier formalities must remain compatible with the need to combat terrorism and drug-trafficking.

The European Council requests the Council of Ministers to report to it at its meeting in June 1985 on the progress which has been made in the various sectors covered by the Committee's report.

The European Council requests the Committee to continue with its discussions and expects to have a further report, containing proposals on the other sectors already indicated, by the June 1985 meeting.

IMPs

1. In accordance with the undertakings given at its meeting in Brussels on 19 and 20 March 1984, the European Council has decided to launch the integrated Mediterranean programmes in favour of the southern regions of the present Community within the framework of the proposals made by the Commission.
2. These programmes will last seven years; their aim will be to improve the economic structures of those regions to enable them to adjust under the best conditions possible to the new situation created by enlargement.
3. As far as financing arrangements and method are concerned the European Council agrees with the broad outlines of the approach recommended by the Commission in its communication of 21 February 1985, i.e.:
 - participation by the Structural Funds for an amount of 2 500 million ECU;

- an additional budget contribution amounting to 1 600 million ECU which will permit the Commission to supply the additional funds for the implementation of the programmes approved by it;
 - loans of 2 500 million ECU contracted by the regions concerned with the EIB and under the New Community Instrument.
4. The two first categories of resources will benefit Greece for an amount of 2 000 million ECU.

The European Council feels that these figures and the accompanying provisions in this text meet once and for all the commitments undertaken by the Community concerning the integrated Mediterranean programmes.

5. The Structural Funds will continue to operate normally, on the basis of a Community-wide regional policy, in accordance with the regulations which have recently been revised.

The increases in real terms which will apply to the Regional and Social Funds and the EAGGF Guidance Section over the next seven years will help to finance the IMPs, but without adversely affecting transfers from these Funds to other less-prosperous and priority regions of the Community. On this basis, the European Council agrees with the proposals of the Commission designed to achieve fully coordinated programmes for the Mediterranean regions most in need through the operation of the three Structural Funds.

6. As regards resource allocation, which should be based on the criteria contained in the Commission proposal, the European Council would emphasize that the allocation criteria should take account, first and foremost, of the actual needs of the different regions and their situation as regards economic and social development.

In particular, the European Council would draw attention to the special case of Greece, whose entire territory comes within the sphere of the integrated Mediterranean programmes, and to the legitimate expectations of the Greek Government.

With regard to the quality of the programmes to be financed, which is an important factor in the success of the IMPs, the European Council requests the Commission to place at the disposal of those Member States who so request groups of experts needed for the assessment, preparation and implementation of the programmes.

Lastly, the European Council would emphasize that it is important that the IMPs measures for regions belonging to Italy and France should in particular use the EIB and NCI appropriations.

7. The European Council requests the Council to take a decision on the Commission proposal for a framework Regulation before 30 June 1985.

European Council's position on the report of the ad hoc Committee on Institutional Affairs

The European Council held an initial exchange of views on the final report submitted to it by the ad hoc Committee on Institutional Affairs in accordance with the mandate given to the Committee at the Fontainebleau and Dublin meetings.

The European Council welcomed both the approach outlined in the report and the content of the interesting proposals put forward, and expressed its warm appreciation of the Committee's excellent work.

Detailed examination of the Committee's proposals will continue over the coming months by means of bilateral contacts, in order to enable the European Council to arrive at final conclusions at its next meeting in June.

Session of the European Council

Milan, 28 and 29 June 1985

Conclusions

Institutional affairs

The European Council held a wide-ranging discussion on the proposals of the ad hoc Committee for Institutional Affairs set up at Fontainebleau, and on the draft mandate of the Italian Presidency, and in particular on the improvement of the Council's decision-making procedure, the enlargement of the European Parliament's role, the Commission's administrative powers and the strengthening of political cooperation in the general context of the transition to European Union.

It confirmed the need to improve the operation of the Community in order to give concrete form to the objectives it has set itself, in particular as regards the completion of the internal market by 1992 and measures to promote a technological Europe.

The European Council noted that the President of the Council would submit proposals for the improvement of the Council's decision-making procedure, the exercise of the Commission's administrative powers and the Parliament's powers with a view to their early adoption.

The European Council discussed in detail the convening of a Conference to work out the following with a view to achieving concrete progress on European Union:

- a treaty on a common foreign and security policy on the basis of the Franco-German and United Kingdom drafts;
- the amendments to the EEC Treaty in accordance with Article 236 of that Treaty, required for the implementation of the institutional changes concerning the Council's decision-making procedure, the Commission's executive power and the powers of the European Parliament and the extension to new spheres of activity in accordance with the proposals of the Dooge Committee and the Adonino Committee, as set out elsewhere, and taking into account certain aspects of the Commission proposal concerning the freedom of movement of persons.

The President noted that the required majority as laid down in Article 236 of the Treaty had been obtained for the convening of such a Conference. The Portuguese and Spanish Governments

would be invited to take part in that conference. The Belgian, German, French, Irish, Italian, Luxembourg and Netherlands delegations were in favour of holding that Conference.

The Presidency would consequently take the steps necessary to convene that Conference with a view to submitting the results for a decision by the Heads of State or Government at the European Council meeting in Luxembourg.

A people's Europe

The European Council thanked the ad hoc Committee on a People's Europe for its initial report and for its final report submitted in Milan, both of which contained numerous concrete measures aimed at involving the citizens of Europe more determinedly in the construction of the Community.

With regard to the latter report, the European Council approved the proposals which it contained. Those proposals concerned inter alia citizens' rights, culture, youth, education and sport. The European Council instructed the Commission and the Member States, acting within their respective powers, to take the necessary implementing measures, and instructed the Council to report to it at its December meeting on the progress achieved.

The European Council accepted the suggestions along the same lines contained in the French memorandum on a people's Europe and emphasized in particular the sections of that document concerning young people, culture and health. In this context, the European Council emphasized the value of launching a European action programme against cancer.

With regard to the measures contained in the initial report and approved by the European Council in March 1985, the European Council expressed its concern at the delay in implementing them and asked the Council, the Member States and the Commission, each acting within its own powers, to take the necessary decisions to remedy this situation as soon as possible.

Economic and social situation

The European Council discussed the economic and social situation on the basis of two reports submitted by the Presidency on the future of the EMS and on the problem of investment and employment in the context of the implementation of the strategy defined in Dublin in December 1984.

As regards the EMS, the Commission was invited to continue its consideration of its development, including the role of the ECU, at Council meetings on economic and financial affairs and with the Governors of the central banks.

As regards short-term economic policy, the Council of Ministers for Economic and Financial Affairs was invited to consider the extent to which the convergence which had already been achieved between the Member States in the field of inflation and imbalances made it possible to intensify the battle against unemployment.

On a more general level, the European Council invited the Commission to submit to the European Council meeting in December a detailed report on current inadequacies as regards growth and employment in the European economy compared to that of its major competitors amongst the industrialized countries and on the new strategies that could be implemented to remedy the situation.

Completion of the internal market

The Council welcomed the White Paper on completing the internal market, submitted at its request by the Commission.

1. It instructed the Council to initiate a precise programme of action, based on the White Paper and the conditions on the basis of which customs union had been brought about, with a view to achieving completely and effectively the conditions for a single market in the Community by 1992 at the latest, in accordance with stages fixed in relation to previously determined priorities and a binding timetable.

Progress towards this objective should be both gradual and visible and the European Council therefore requested the Commission to submit its proposals swiftly and the Council to ensure that they were adopted within the deadlines established in the timetable.

The following fields and measures were considered to be of high priority:

- the removal of physical barriers to the free movement of goods within the Community;
- the removal of technical barriers to the free movement of goods within the Community (in particular the adoption of common or compatible standards for major new technologies in order to open up public purchasing and satisfy the needs of the economy);
- the creation of a free market in the financial services and transport sectors;
- the creation of full freedom of establishment for the professions;
- the liberalization of capital movements.

In deciding on the above measures the Community will make every effort to ensure that the creation of a single free market contributes to furthering the more general objectives of the Treaty including those of harmonious development and economic convergence.

2. As regards the method: application whenever the situation permits of the principle of the general equivalence of the Member States' legislative objectives and of its corollaries: the fixing of minimum standards, mutual recognition and

monitoring by the country of origin, an undertaking on the part of the Member States not to take measures, throughout the realization of the programme, that would have the effect of delaying the Community's achievement of the above objective.

3. As regards the approximation of VAT and excise duties, the European Council invited the Council of Ministers for Financial Affairs to examine on the basis of the White Paper any measures which might be necessary for the achievement of the objective of a single market and the possible timetable for the application of those measures.
4. The Council of Ministers was asked to study the institutional conditions in which the completion of the internal market could be achieved within the desired time limits.

Technology

The European Council noted that a collective effort to master new technology was a condition for maintaining European competitiveness. It therefore decided to give the Community a new technological dimension.

The European Council approved and endorsed the Commission report on the strengthening of technological cooperation in Europe.

The European Council gave its support to the French Eureka project for creating a technological Europe and to the Commission's constructive proposals in the same direction, and noted with interest the agreement already signed by several European companies.

It expressed the wish that the Eureka project should be open to those non-Community countries which had already shown interest in taking part in it. France, the originator of the project, would continue the steps it was taking by convening, in collaboration with the Presidency and the Commission, an ad hoc Committee before 14 July to hold a session on European technology. The Committee would bring together the Ministers for Research or other qualified representatives of the governments of countries which had responded positively to the initiative and representatives of the Commission.

The European Council considered that these steps should exploit the Community dimension in order to:

- establish a close link between technological development and the effort to unify the internal market, for example by means of practical incentive measures such as the Eurotype proposal;
- ensure that the technological effort was closely tied in with common policies, in particular trade policy towards the Community's main partners;

- reduce the risk of unnecessary duplication of national efforts and assemble a critical mass of financial and human resources;
- obtain the maximum benefit from the immediately available Community technical and financial instruments, including those of the EIB.

Japan

The European Council examined the question of trade relations with Japan, in particular in the light of the serious concern which the Council had expressed at its meeting on 19 June and which the European Council fully shared.

More particularly, the European Council's discussions were held in the context of the responsibilities which Japan shares with its Western partners for safeguarding and strengthening the system of multilateral trade.

The European Council endorsed the request made by the Council that Japan should undertake to increase significantly and continuously its imports of manufactured products and processed agricultural products; it also emphasized the importance of liberalizing Japanese financial markets and internationalizing the yen.

The European Council asked the Commission to put all these concerns to the Prime Minister of Japan during his forthcoming visit to Europe.

Famine in Africa

The European Council, aware of the critical situation confronting those African countries affected by drought, noted with satisfaction that the objectives of the Dublin plan had been achieved and that 1,2 million tonnes of cereals or their equivalent had finally been mobilized by the Community and the Member States to meet emergency requirements. It also welcomed the fact that two-thirds of that aid had already reached the recipients or was en route.

It felt, however, that new food aid requirements could arise if the rains which had just started on the continent of Africa were again to be insufficient. In that context it welcomed the Commission proposal for a special reserve allocation which would make it possible to mobilize 500 000 tonnes of cereals equivalent over and above the normal aid programme. The European Council instructed the Council meeting on development to examine that proposal as a matter of urgency.

The Council was aware of the possibility that such disasters might recur and it considered it necessary for the future to set up a general coordinated strategy against short- and long-term drought, and in that context welcomed the Commission communication.

As regards the long term, the Council considered it necessary above all to support the African countries' policy redirection effort in the field of food security. The Council noted that that objective was included in Lomé III and expressed the hope that the Member States would also give priority in their national aid programmes to support for that policy so that together they would achieve the indispensable critical financial mass.

In the field of environmental protection, in particular the battle against desertification, the Council considered it vital, in the light of the importance of present requirements, for all European aid, Community and bilateral, to give priority to that type of action, to give long-term commitments and to organize their contribution coherently by setting up an appropriate coordination structure.

EEC-Comecon

The European Council held an exchange of views on the recent letter from Comecon to the Commission of the European Communities proposing the resumption of their mutual relations. It noted that an exploratory mandate had been given to the Commission. It considers that the results of these contacts should now be awaited.

More generally, the Heads of State or Government also discussed the interest in the political role of the Ten recently demonstrated in statements by the Secretary General of the CPSU.

They noted these developments with interest.

Session of the European Council

Luxembourg, 2 and 3 December 1985

Conclusions

Economic and social situation

- I. The European Council examined the economic and social situation in the Community on the basis of an initial statement of the strengths and weaknesses of the European economies which the President of the Commission had submitted at its request.

It stresses the importance of the progress already made by the European economies over the last ten years with a significant reduction in energy dependence and modernization of traditional industries, while maintaining a high degree of openness to international competition.

For the future, the Council reaffirms that the achievement of the full internal market by 1992 and increased technological cooperation in Europe will make it possible to lay the foundations for the international competitiveness of the European economies and to meet the challenges of the third industrial revolution.

- II. The Council welcomed the very significant progress made by most of the Member States towards rationalization and economic recovery. It notes that this progress and the increased convergence of economic policies have already made it possible to stabilize the level of unemployment in the Community and even to reduce it in some countries.

The Council considers that, on this basis, the European economies are able to achieve better performance as regards growth and employment.

It took note of the strategy of cooperation for growth and employment outlined by the Commission in its annual economic report; it calls upon the EcoFin Council to examine, on that basis, the conditions for establishing non-inflationary growth leading to a substantial drop in unemployment.

The European Council stressed the role which the Community must play in the recovery of world trade, more especially with a view to the forthcoming GATT multilateral negotiations. It also again referred to the Community's responsibility towards countries of the Third World, which will through growth and economic development become active partners in world trade.

III. The Council also wished to emphasize that, apart from general economic policies, progress was necessary to improve the environment for undertakings. Referring to its conclusions in Brussels in March 1985, the Council wanted a practical sign to be given of its desire to reduce the administrative and legal constraints which hold back the creation and development of small and medium-sized undertakings. In this connection, it noted with interest that the Commission was undertaking to:

- assess the implications each new proposal would have for undertakings and job creation;
- commence examining the most important of the existing Community Regulations in order to establish how far simplifying them might be beneficial to small and medium-sized undertakings and encourage an environment more favourable to job creation;
- make arrangements for internal coordination of the preparation of initiatives designed to simplify the administrative, fiscal and legal environment for SMUs, with the wider aim of including the development of SMUs and employment among the priorities for work in the legal field.

The European Council attaches particular importance to those measures being given practical effect as soon as possible.

In the same spirit, the Council held an exchange of views on the numerous steps taken in each of the Member States to improve the functioning of the labour market. It agreed on the importance of measures to promote training, motivation, mobility and flexibility of the labour market. For this reason, it attaches major importance to the joint statement of intent by management and labour on a European scale regarding social dialogue and new technology. It emphasized the usefulness of such contacts and would like these to continue with the assistance of the Commission, in the search for solutions to practical problems.

Finally, the Council asked the Commission to complete the work it had begun further to its requests in March and June 1985 and to report back to it in 1986.

Monetary cooperation

The European Council requested the Commission to let it have a progress report, before the end of 1987, on the European Monetary System and the liberalization of capital movements.

Fight against cancer

On the initiative of France, the European Council in Milan stressed the importance of launching a European programme against cancer.

The European Council took note of a communication from the Italian and French Governments on this matter. It requested the Ministers for Foreign Affairs to examine at their next meeting the best way of quickly and effectively following up that initiative.

Conclusions of the President of the European Council on the proceedings of the Conference of Representatives of the Governments of the Member States

The President made the following statement:

- I. The outcome of the deliberations of the European Council is to be considered the final decision on the matters dealt with.

Denmark has stated that it is unable to take a position.

Italy has made its final acceptance conditional upon examination by Parliament.

There are also a few reservations on specific points, namely:

- (a) cohesion: reservations by Greece, Ireland and Italy;
 - (b) European Parliament: reservation by Italy;
 - (c) social policy: reservation by the United Kingdom.
- II. The Conference will meet again at Foreign Minister level on 16 December 1985 to finalize the texts and take decisions, where appropriate, on those points on which the European Council has reached no decision and which are referred to the Ministers.

The Ministers will also determine the form in which the results of the Conference on the amendment of the Treaty establishing the EEC and the draft Treaty on political cooperation on foreign policy are to be presented.

The President of the European Council will communicate the texts to the European Parliament. The President of the European Council will also make an oral presentation of the results of the Conference and will take part in the debate to be organized by the European Parliament on that occasion.

Texts from the European Council

Internal market

Article 1

The Community shall adopt measures intended progressively to establish the internal market in the course of a period expiring on 31 December 1992, in accordance with the following provisions, without prejudice to the other provisions of the Treaty.

The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaty.

Article 2

1. In Articles 28; 57 (2), second sentence; 59, second paragraph; 70 (1)(*) and 84 the terms 'unanimously' or 'unanimity' shall be replaced by 'by a qualified majority' or 'a qualified majority' respectively.

(*) The Conference signified its agreement to retention of the unanimity rule for measures affecting the fundamental principles of professional organization (Berufsordnung) and for measures constituting a step back with regard to liberalization of capital movements.

2. The provisions of Article 99 shall be replaced by the following:

The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt provisions on the harmonization of legislation concerning turnover taxes, excise duties and other forms of indirect taxation to the extent that such harmonization is necessary to ensure the establishment and the operation of the internal market within the time limits laid down in Article 1.

3. Article 100a shall be inserted after Article 100.

Article 100a

By way of derogation from Article 100 and save where otherwise provided in this Treaty, the following provisions shall apply for the attainment of the objectives of Article 1. The Council shall, acting by a qualified majority on a proposal from the Commission after consulting the European Parliament and the Economic and Social Committee, adopt the measures for the approximation of the provisions laid down by law, regulation or

administrative action in Member States which have as their object the establishment and operation of the internal market.

The first paragraph shall not apply to fiscal provisions, to those relating to the free movement of persons nor to those relating to the rights and interests of employed persons.

The Commission's proposals for the approximation of laws on health, safety, environment protection and consumer protection will be based on a high level of protection.

If, after the adoption of a harmonization measure or a Decision pursuant to Article 6 by the Council acting by a qualified majority, a Member State deems it necessary to apply national provisions on grounds of major needs as referred to in Article 36, or relating to protection of the working environment and the natural environment, it shall notify the Commission of these provisions.

The Commission shall confirm the provisions involved after having verified that they are not a means of arbitrary discrimination or disguised restriction in trade between Member States.

By way of derogation from the procedure laid down in Articles 169 and 170, the Commission or any Member State may bring the matter directly before the Court of Justice if it considers that another Member State is making improper use of the powers provided for in this Article.

The harmonization measures referred to above shall, in appropriate cases, include a safeguard clause authorizing the Member States to take, for one or more of the non-economic reasons referred to in Article 36 of the Treaty, provisional measures subject to a Community control procedure.

Article 3

When drawing up its proposals with a view to achieving the objectives of Article 1, the Commission shall take into account the extent of the effort that certain economies showing differences in development will have to sustain during the period of establishment of the internal market and it may propose appropriate provisions.

If these provisions take the form of derogations, they must be of a temporary nature and must cause the least possible disturbance to the functioning of the common market.

Article 4

Delegation of competence to the Commission to be regulated on the basis of the decision on the powers of execution of the Commission. The Commission has proposed an Advisory Committee.

Article 5

The Commission shall deliver a report to the Council before 31 December 1988 and again before 31 December 1990 on the progress made towards achieving the internal market within the time limit fixed in Article 1.

The Council, acting by a qualified majority on a proposal from the Commission, shall determine the guidelines and conditions necessary to ensure balanced progress in all the sectors concerned.

Article 6

During 1992, the Commission shall, together with each Member State, draw up an enumeration of national laws, regulations and administrative provisions which fall under Article 100a and which have not been harmonized pursuant to that Article.

The Council, acting in accordance with the provisions of Article 100a, may decide that the provisions in force in a Member State must be recognized as being equivalent to those applied by another Member State.

The Commission shall draw up the enumeration referred to in the first paragraph and shall submit appropriate proposals in good time so as to allow the Council to act before the end of 1992.

Article 7(*)

The preceding provisions shall not derogate from the stipulations of the Treaty of Accession of Spain and Portugal.

(*) This provision should be made to apply generally to all amendments made to the EEC Treaty.

Statements for inclusion in the record of the Conference

Re Article 1

The Conference wishes by means of the provisions in Article 1 to firmly express its political will to take the decisions necessary before 1 January 1993 to complete the internal market defined in the provisions in question. This particularly concerns decisions necessary to implement the Commission's programme described in the White Paper on the Internal Market.

By setting the date of 31 December 1992, the Member States have not created a legal obligation.

Unilateral statement by Greece

Greece considers that the development of Community policies and actions, and the adoption of measures on the basis of Articles 70 (1) and 84, must both take place in such a way as not to harm sensitive sectors of Member States' economies.

Re Article 2 (3)

In its proposals pursuant to the first paragraph of Article 100a the Commission shall give precedence to the use of the instrument of a Directive if harmonization involves the amendment of legislative provisions in one or more Member States.

Re Article 6

The Conference considers that, since Article 3 is of general application, it also applies to the proposals which the Commission is required to make under Article 6.

General statement

Nothing in these provisions shall affect the right of Member States to take such measures as they consider necessary for the purpose of controlling immigration from third countries, and to combat terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques.

Political declaration by the Governments of the Member States

In order to promote the free movement of persons the Member States shall cooperate, without prejudice to the powers of the Community, in particular as regards the entry, movement and residence of nationals of third countries. They shall also cooperate in the combating of terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques.

This provision should be made to apply generally to all amendments made to the EEC Treaty.

Monetary capacity

1. The reference to Economic and Monetary Union appears in the preamble to the text amending the Treaty of Rome, which reads as follows:
 - Whereas the Heads of State or Government, at their Conference in Paris from 19 to 21 October 1972, approved the objective of the progressive achievement of Economic and Monetary Union;
 - Considering the Annex to the conclusions of the Presidency of the European Council meeting in Bremen on 6 and 7 July 1978 and the resolution of the European Council meeting in Brussels on 5 December 1978, concerning the setting-up of the European Monetary System (EMS) and related questions;
 - Whereas, on the basis of that resolution, the Community and the Central Banks of the Member States have taken a number of measures designed to implement monetary cooperation.
2. In Title II, 'Economic Policy', the following should be added before the chapter on conjunctural policy:

Chapter I 'Cooperation in economic and monetary policy' (Economic and Monetary Union)

New Article to be added before Article 103:

1. In order to ensure the convergence of economic and monetary policies which is necessary for the further development of the Community, Member States shall cooperate in accordance with the objectives of Article 104. In doing so, they shall take account of the experience acquired in cooperation in the framework of the European Monetary System and in developing the ECU, and shall respect existing powers in this field.
2. In so far as further development in the field of economic and monetary policy necessitates institutional changes, the procedure laid down in Article 236 shall be applicable. The Commission, the Monetary Committee and the Committee of Governors of the Central Banks shall be consulted regarding institutional changes in the area of monetary policy.

Cohesion

Article 1

In order to promote its harmonious development overall, the Community shall develop and pursue its actions leading to strengthening its economic and social cohesion.

In particular the Community shall aim at reducing disparities between the various regions and mitigating the backwardness of the least-favoured regions.

Article 2

Member States shall conduct their economic policies, and shall coordinate them, in such a way as, in addition, to attain the objectives of Article 1. The implementation of the common policies and of the internal market shall take into account the objectives of Article 1 and of Article 3 and shall contribute to their achievement. The Community shall support the achievement of these objectives by the action it takes through the structural Funds (EAGGF (Guidance Section), Social Fund, ERDF), the EIB and other existing financial instruments.

Article 3

The ERDF is intended to help redress the principal regional imbalances in the Community through participating in the development and structural adjustment of regions whose development is lagging and in the reconversion of declining industrial regions.

Article 4

Once the Treaty enters into force the Commission shall submit a comprehensive proposal to the Council, the purpose of this proposal will be that the structure and operational rules of the existing Structural Funds which are adequately financed so far as budgetary resources permit (EAGGF (Guidance Section), European Social Fund, ERDF) are to be amended as necessary to clarify and rationalize the Funds' tasks in order to contribute to the achievement of the objectives of Article 1 and Article 3 and to increase their efficiency and coordinate their activities between themselves and with the activities of the existing financial instruments. The Council shall act unanimously on this proposal within a period of one year having beforehand consulted the European Parliament and the Economic and Social Committee.

Article 5

After adoption of the Decision referred to in Article 4, implementing decisions relating to the ERDF shall be taken by the Council acting by a qualified majority on a proposal from the Commission, after consulting the European Parliament.

With regard to the EAGGF (Guidance Section) and the Social Fund, the provisions of Articles 43, 126 and 127 shall remain applicable respectively.

European Parliament

Article 1

A cooperation procedure shall be introduced which shall apply to acts based on Articles 7, 49, 54 (2), 56, 57 and 100a of the Treaty establishing the European Economic Community. The cooperation procedure shall also apply to acts based on Article 11 (2) of the text on

research and technological development and on Article 5 of the text on cohesion and also on acts to be taken by a qualified majority pursuant to Article 118.

Article 2

The provisions of Article 149 of the Treaty establishing the European Economic Community shall be replaced by the following:

1. Where, in pursuance of this Treaty, the Council acts on a proposal from the Commission, unanimity shall be required for an act constituting an amendment to that proposal.
2. Where, in pursuance of this Treaty, a Council act is adopted in cooperation with the European Parliament, the following procedure shall apply:
 - (a) The Council, acting by a qualified majority under the conditions of paragraph 1 above, on a proposal from the Commission and after obtaining the opinion of the European Parliament, shall adopt a common position.
 - (b) The Council's common position shall be transmitted to the European Parliament. The Council and the Commission shall inform the Parliament fully of the reasons which led the Council to adopt its common position and also of the Commission's position.

If, within three months of such communication, the European Parliament approves this common position or has not taken a decision within that period, the Council shall definitively adopt the act in question in accordance with the common position.

- (c) Within the period of three months referred to in paragraph 2 (b), the European Parliament may, by an absolute majority of its constituent members, propose amendments to the Council's common position. The European Parliament may also reject the Council's common position by the same majority. The result of the proceedings shall be transmitted to the Council and the Commission.

If the Parliament has rejected the Council's common position, unanimity shall be required for the Council to act on a second reading.

- (d) The Commission shall, within the period of one month, re-examine the proposal, on the basis of which the Council adopted its common position, by taking into account the amendments proposed by the European Parliament.
 - (e) The Council, acting by a qualified majority, shall adopt the proposal re-examined by the Commission.

Unanimity shall be required for the Council to amend the Commission's re-examined proposal.

(f) The Council shall be required to act within a period of three months.

3. As long as the Council has not acted, the Commission may alter its original proposal at any time during the procedure.

Article 3

The provisions of the first paragraph of Article 237 shall be replaced by the following:

Any European State may apply to become a member of the Community. It shall address its application to the Council which, after consulting the Commission, shall act unanimously after receiving the assent of the European Parliament which shall act by a majority of its members.

Article 4

The provisions of the second paragraph of Article 238 shall be replaced by the following:

The agreements shall be concluded by the Council, acting unanimously and after receiving the assent of the European Parliament which shall act by a majority of its members.

In respect of the cooperation procedure, the European Council instructed the Conference of Representatives of the Member States to:

- clarify the procedure to be followed in the event of the European Parliament rejecting the Council's position at its second reading;
- spell out the procedure to be followed in order to avoid any legal vacuum, in the event of the Council not acting by the three-month deadline laid down in point (f), it being agreed that the Council will take the final decision.

The Commission's management and implementing powers

Article 145

To ensure that the objectives set out in this Treaty are attained, the Council shall, in accordance with the provisions of this Treaty:

- ensure coordination of the general economic policies of the Member States;
- have power to take decisions;

- confer on the Commission, in the acts which it adopts, powers for the implementation of the rules it lays down. The Council may impose certain requirements in respect of the exercise of these powers. The Council may also reserve the right in specific cases to exercise implementing powers itself directly. The procedures referred to above must be consonant with principles and rules to be laid down in advance by the Council, acting unanimously on a proposal from the Commission and after obtaining the opinion of the European Parliament.

Research and technological development

Article 1

1. The Community's aim shall be to strengthen the scientific and technological basis of European industry and to encourage it to become more competitive at international level.
2. In order to achieve this, it shall encourage undertakings including small and medium-sized undertakings, research centres and universities in their research and technological development or activities; it shall support their efforts to cooperate with one another, aiming, in particular, to enable undertakings to exploit the Community's internal market potential to the full, inter alia through the opening up of national public contracts, the definition of common standards and the removal of legal and fiscal barriers to that cooperation.
3. In the achievement of these aims, particular account shall be taken of the connection between the joint research and technological development effort, the establishment of the internal market and the implementation of joint policies, particularly as regards competition and trade.

Article 2

In pursuing these objectives the Community shall carry out the following activities, complementing the activities carried out in the Member States:

- (a) implementation of research, demonstration and technological development (RDTD) programmes, by promoting cooperation with undertakings, research centres and universities;
- (b) promotion of cooperation with third countries and international organizations in the field of Community RDTD;
- (c) dissemination and optimization of the use of the results of Community RDTD activities;
- (d) stimulation of the training and mobility of researchers in the Community.

Article 3

In liaison with the Commission, the Member States shall coordinate among themselves the policies and programmes carried out at national level. In close contact with the Member States, the Commission may take any useful initiative to promote such coordination.

Article 4

1. The Community shall adopt a multi-annual framework programme setting out all its activities. The framework programme shall lay down the scientific and technical objectives, define their respective priorities, set out the main lines of the activities envisaged and fix the amount deemed necessary, the detailed rules for financial participation by the Community in the programme as a whole and the breakdown of this amount between the various activities envisaged.
2. The framework programme may be adapted or supplemented, as the situation changes.

Article 5

The framework programme shall be implemented through specific programmes developed within each activity. Each specific programme shall define the detailed rules for implementing it, fix its duration and provide for the means deemed necessary.

The Council shall define the detailed arrangements for the dissemination of knowledge resulting from the specific programmes.

Article 6

In implementing the multi-annual framework programme, supplementary programmes may be decided involving the participation of certain Member States only, which shall finance them subject to possible Community participation.

The Council shall adopt the rules applicable to supplementary programmes, particularly as regards the dissemination of knowledge and the access of other Member States.

Article 7

In implementing the multi-annual framework programme, the Community may make provision with the agreement of the Member States concerned, for participation in research and development programmes undertaken by several Member States, including participation in the structures created for the execution of those programmes.

Article 8

In implementing the multi-annual framework programme, the Community may make provision for RDTD cooperation with third countries or international organizations.

The detailed arrangements for such cooperation may be the subject of international agreements between the Community and the third parties concerned which shall be negotiated and concluded in accordance with Article 229.

Article 9

The Community may set up joint undertakings or any other structure necessary for the efficient execution of Community RDTD programmes.

Article 10

1. The detailed arrangements for financing each programme, including any Community contribution, shall be established at the time of the adoption of the programme.
2. The amount of the Community's annual contribution shall be laid down under the budget procedure, without prejudice to other possible methods of Community financing. The estimated cost of the specific programmes must not in aggregate exceed the financial provision in the framework programme.

Article 11

1. The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt the provisions referred to in Articles 4 and 9.
2. The Council shall, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, adopt the provisions referred to in Articles 5, 6, 7 and 10. The adoption of the supplementary programmes shall also require the agreement of the Member States concerned. (*)

(*) Following the adoption of this provision it will be necessary to make technical adjustments to the last paragraph of Article 4 of the Decision on own resources.

Environment

Article 1

1. Action by the Community relating to the environment shall have the following objectives:

- to preserve, protect and improve the quality of the environment;
 - to contribute towards protecting human health;
 - to ensure a prudent and rational utilization of natural resources.
2. Action by the Community relating to the environment shall be based on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source, and that the polluter should pay. Environmental protection requirements shall be a component of the Community's other policies.
3. In preparing its action relating to the environment, the Community shall take account of:
- available scientific and technical data;
 - environmental conditions in the various regions of the Community;
 - the potential benefits and costs of action or of lack of action;
 - the economic and social development of the Community as a whole and the balanced development of its regions.
4. The Community shall take action relating to the environment to the extent to which the objectives referred to in paragraph 1 can be attained better at Community level than at the level of the individual Member State. Without prejudice to certain measures of a Community nature, the Member States shall finance and implement the other measures.
5. Within their respective spheres of competence, the Community and the Member States shall cooperate with third countries and with the competent international organizations. The arrangements for Community cooperation may be the subject of agreements between the Community and the third parties concerned, which shall be negotiated and concluded in accordance with Article 228.

Following the adoption of this provision it will be necessary to make technical adjustments to the last paragraph of Article 4 of the Decision on own resources.

The previous paragraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude international agreements.

Article 2

The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, shall decide what action is to be taken by the Community.

Article 3

The protective measures adopted in common pursuant to Article 2 shall not prevent any Member State from maintaining and introducing more stringent protective measures compatible with the Treaty.

Declaration to be inserted in the record of the Conference

The Community's activities in the sphere of the environment must not interfere with national policies regarding the exploitation of energy resources.

Social policy

Draft texts supplementing Article 118

(a) Working environment

1. The Member States shall pay particular attention to encouraging improvements, especially in the working environment, as regards the health and safety of workers, and shall set as their objective the harmonization of conditions in this area, while maintaining the improvements.
2. In order to help achieve the objective laid down in the first paragraph, the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, shall adopt, by means of directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States.
3. The provisions adopted pursuant to this Article shall not prevent any Member State from retaining or introducing more stringent measures for the protection of working conditions compatible with the Treaty.

(b) Dialogue between both sides of industry

The Commission shall endeavour to develop the dialogue between management and labour at European level which could, if those two sides consider it desirable, lead to agreements.

Draft Treaty on European cooperation in the sphere of foreign policy

Article 1

The High Contracting Parties, being members of the European Communities, shall endeavour jointly to formulate and implement a European foreign policy.

Article 2

1. The High Contracting Parties undertake to inform and consult each other on any foreign policy matters of general interest so as to ensure that their combined influence is exercised as effectively as possible through coordination, the alignment of their positions and the implementation of joint action.
2. Consultations shall take place before the High Contracting Parties decide on their final position.
3. In adopting its positions and in its national measures each High Contracting Party shall take full account of the positions of the other partners and shall give due consideration to the desirability of adopting and implementing common European positions.

In order to increase their capacity for joint action in the foreign policy field, the High Contracting Parties shall ensure that common principles and objectives are gradually developed and defined.

The determination of common positions shall constitute a point of reference for the policies of the High Contracting Parties.

4. The High Contracting Parties shall endeavour to avoid any action or position which impairs their effectiveness as a cohesive force in international relations or within international organizations.

Article 3

1. The Ministers for Foreign Affairs and a Member of the Commission shall meet at least four times a year within the framework of European political cooperation. They may also discuss foreign policy matters within the framework of political cooperation on the occasion of meetings of the Council of the European Communities.
2. The Commission shall be fully associated with the proceedings of political cooperation.

3. In order to ensure the swift adoption of common positions and the implementation of joint action, the High Contracting Parties shall, as far as possible, refrain from impeding the formation of a consensus and the joint action which this could produce.

Article 4

The High Contracting Parties shall ensure that the European Parliament is closely associated with political cooperation. To that end the Presidency shall regularly inform the European Parliament of the foreign policy issues which are being examined within the framework of political cooperation and shall ensure that the views of the European Parliament are duly taken into consideration.

Article 5

The external policies of the European Community and the policies agreed in European political cooperation must be consistent.

The Presidency and the Commission, each within its own sphere of competence, shall have special responsibility for ensuring that such consistency is sought and maintained.

Article 6

1. The High Contracting Parties consider that closer cooperation on questions of European security would contribute in an essential way to the development of a European identity in external policy matters. They are ready to coordinate their positions more closely on the political and economic aspects of security.
2. The High Contracting Parties are determined to maintain the technological and industrial conditions necessary for their security. They shall work to that end both at national level and, where appropriate, in the framework of the competent institutions and bodies.
3. Nothing in this Treaty shall impede closer cooperation in the field of security between certain of the High Contracting Parties within the framework of the Western European Union or the Atlantic Alliance.

Article 7

1. In international institutions and at international conferences which they attend, the High Contracting Parties shall endeavour to adopt common positions on the subjects covered by this Treaty.
2. In international institutions and at international conferences in which not all the High Contracting Parties participate, those who do participate shall take full account of positions agreed in European political cooperation.

Article 8

The High Contracting parties shall organize a political dialogue with third countries and regional groupings whenever they deem it necessary.

Article 9

The High Contracting Parties and the Commission, through mutual assistance and information, shall intensify cooperation between their representations accredited to third countries and to international organizations.

Article 10

1. The Presidency of political cooperation shall be held by the High Contracting Party which holds the Presidency of the Council of the European Communities.
2. The Presidency shall be responsible for initiating action and coordinating and representing the positions of the Member States in relations with third countries in respect of political cooperation activities. It shall also be responsible for the management of political cooperation and in particular for drawing up the timetable of meetings and for convening and organizing meetings.
3. The political directors shall meet regularly in the Political Committee in order to give the necessary impetus, maintain the continuity of political cooperation and prepare Ministers' discussions.
4. The Political Committee or, if necessary, a ministerial meeting shall convene within 48 hours at the request of at least three Member States.
5. The European correspondents' group shall be responsible, under the direction of the Political Committee, for monitoring the implementation of political cooperation and for studying general organizational problems.
6. Working parties shall meet as directed by the Political Committee.
7. A Secretariat based in Brussels shall assist the Presidency in preparing for and implementing the activities of European political cooperation and in administrative matters. It shall carry out its duties under the authority of the Presidency.

Article 11

As regards privileges and immunities, the members of the European Political Cooperation Secretariat shall be treated in the same way as members of the diplomatic missions of the High Contracting Parties based in the same place as the Secretariat.

Article 12

1. **This Treaty shall be open for signature by the Member States of the European Community.**

In accordance with the provisions peculiar to each State, it shall enter into force following the deposit of instruments of ratification or approval by all the High Contracting Parties.

2. **Nothing in this Treaty shall affect the provisions of the Treaty establishing the ECSC, the Treaty establishing the EEC or the Treaty establishing the EAEC.**
3. **Five years after the entry into force of this Treaty the High Contracting Parties shall examine whether any revision thereof is required.**

Session of the European Council

The Hague, 26 and 27 June 1986

Conclusions

Economic and social situation

General

The European Council considered the economic and social situation within the European Community and concluded that, in spite of substantial progress in establishing sounder structural conditions for economic growth, present levels of economic performance and investment are by themselves unlikely to permit further substantial reductions in unemployment. It confirmed therefore the necessity of continuing macro- and micro-economic policies aimed at structural improvement, in combination with additional efforts to generate gainful employment. The Council expressed the opinion that economic growth is a responsibility not only of individual Member States but also of the Community as a whole.

The European Council agreed that the opportunities offered by lower oil price levels should as much as possible be translated into additional economic growth. It asked the Council (Economic and Financial Affairs) to monitor the progress made in the framework of the cooperative growth strategy agreed at the end of 1985. The Council further agreed that action at the Community level should be taken to enable business to maximize its capacity to create prosperity and jobs, inter alia by examining the scope for improving access to innovative forms of risk capital and the efforts of the European Investment Bank, and welcomed the measures introduced at both Community and national level to limit the regulatory burdens of legislation. The European Council also called for a common strategy, to be discussed with the social partners, to promote enterprise, to encourage flexible employment patterns, and help long-term unemployed people back into jobs.

The European Council agreed that permanent training and retraining have become a necessity. It also underlined that the services industry and small and medium-sized enterprises constitute major sources of employment growth. In this respect the European Council welcomed the Commission's intention to submit concrete proposals in the near future, in particular to simplify the fiscal regulations as applied to small and medium-sized enterprises.

The European Council asked the Commission, in the framework of the studies on the causes, nature and extent of unemployment, to undertake a thorough analysis of the phenomena of the underground economy and work falling outside the tax net, so as to arrive at intensive and coordinated actions to assist employment policies.

Long-term unemployment

With a view to supporting a convergent European policy aiming at the return of the long-term unemployed to the labour market, the European Council welcomed the Commission's proposals on exchanging information on successful national experiences, on conducting pilot actions under the European Social Fund and on coordinating actions under the Community structural instruments in regions in need of industrial restructuring. In this connection the possibility was also advocated of arriving at tripartite commitments by governments and the social partners to stimulate the re-employment of those who have been out of work for a long time. Similar efforts should be made to encourage the absorption of school-leavers into the labour market.

Technological cooperation

The European Council stressed that technological cooperation and innovation at Community level and in a wider European context will make an indispensable contribution to the ability of European industry to survive in a ruthlessly competitive world. Efforts in this direction should be closely geared to the perfection of the internal market, the application of uniform standards, the opening-up of public purchasing, the implementation of specific R&D programmes which also take account of the interests of small and medium-sized businesses and the need to consult with the social partners who have their own responsibilities in this matter. The Council called on the Commission and the Council of Ministers (Industry and Research) to complete their deliberations on the next multi-annual programme for technological cooperation within the next few months and to see to it that momentum is not lost.

Capital market

Prospects for steady growth will also be enhanced by the creation of a truly free capital market. The European Council welcomed the proposals recently submitted by the Commission for the complete liberalization of capital markets and asked the Council of Ministers to treat these proposals on a priority basis.

Internal market

General

In view of the urgent need to make progress with regard to the introduction of an area without internal frontiers by 1992, as provided for in the Single European Act, the European Council requested those Member States which had not yet done so to make every effort to ensure that the Single European Act was ratified in time and could be implemented in full as from 1 January 1987.

The European Council reviewed the present situation as regards the completion of the internal market and concluded that, although the decision-making process has speeded up during the first half of 1986, it is still necessary to improve it substantially if the objectives fixed for the current year are to be attained and if the final objective is to be achieved.

The European Council considers that the strengthening of economic and social cohesion, in accordance with the Single European Act, is essential to ensure the correction of potential imbalances and the harmonious development of the Community as a whole. It took note of the Commission's intention to submit to the Council before the end of the year a report and proposals on strengthening structural policies and improving the operation of the Structural Funds, as provided for in the Single European Act.

Working method

The European Council noted that favourable results have been obtained in the joint efforts of successive Presidencies and voiced the hope that similar 'rolling Presidency programmes' will continue to operate in the future. The members of the European Council undertook to instruct their ministers in the appropriate Councils to:

- continue to give high priority to the measures in the current Presidency programme based on the Commission's White Paper;
- ensure that technical opposition to the harmonization of legislation does not hinder progress;
- guarantee adequate coordination of the meetings of the Council in its different compositions;
- convene, when necessary, special meetings of the Council, entirely or mainly devoted to the internal market.

The President of the European Commission stated that the Commission would endeavour to speed up the submission of its proposals, to evaluate activities in progress and to cooperate closely with successive Presidencies.

Areas of special interest

The European Council considered that the Council of Ministers (Transport) should make a further effort to overcome the difficulties which have recently appeared in relation to the liberalization and harmonization of land, sea and air transport, in the light of the relevant judgments of the European Court of Justice. With regard to air transport, the Council of Ministers should without delay adopt the appropriate decisions on air tariffs, capacity and access to markets, in accordance with the rules of competition of the Treaty.

The European Council confirmed that a number of basic decisions needed to be taken rapidly in relation to the removal of fiscal barriers at the frontiers in order to achieve the goals set for 1992, and welcomed the work programme proposed to this end by the Commission and endorsed by the Council of Finance Ministers.

The European Council considered that public contracts are an essential feature of the internal market and that their liberalization is therefore a precondition for the completion of that market by 1992. Public contracts also have a crucial role to play in stimulating the industrial and technical performance of the European Community. For that reason the Council considered that progress in this area had to be stepped up and requested the Council to give urgent consideration to the Commission's report and proposals in this area.

In view of the fundamental importance which the European Council attaches to this question, it decided to evaluate at its next meeting the progress made in all the above sectors.

A people's Europe

The European Council considered that the implementation of the report on a people's Europe (Adonnino Report) was clearly not proceeding as quickly as had been expected. The Council of Ministers was asked to give further attention to carrying out the recommendations contained in this report and to submit a report on progress made at the next meeting of the European Council.

In particular, it was considered desirable to make progress in the following areas:

- easing of restrictions on border area passenger traffic;
- right of residence;
- a general system of mutual recognition of diplomas.

The European Council also requested the Council of Ministers to reach agreement in the near future on programmes to promote:

- cooperation in the area of public health (action programme against cancer), and
- intra-Community contacts between students and universities (Erasmus).

It will have to be ensured that the funds to be devoted to programmes of this kind are of benefit to as many people as possible and that bureaucracy is kept to the absolute minimum.

Agricultural policy in the international context

General

The European Council noted with satisfaction that decisions on agricultural prices and related measures were taken in good time this year, and that the Council of Ministers had recently adopted a constructive position vis-à-vis the possibility of trade policy measures by the United States against the Community.

The European Council also welcomed the decision of the Council of Ministers to adopt an overall approach for the forthcoming multilateral trade negotiations including agriculture in

accordance with the positions previously adopted in the GATT, the OECD and at the Tokyo Summit. It noted that the Community was thus well prepared to deal with problems of agricultural policy on a balanced and mutually advantageous basis in the negotiations which would begin shortly.

Structural problems

In view of the importance of the common agricultural policy as a factor of integration for the European Community, the European Council reviewed the different agricultural policies currently in operation in the world. It noted that these policies continue to be hampered by contradictions such as the simultaneous existence of a large unsatisfied demand in certain developing countries and enormous surpluses in the developed countries, the increasing pace of technological innovation resulting in an increase in productivity, whilst the incomes of small farmers in some rural areas remained disappointing.

The European Council considered that the European Community must continue to adapt the common agricultural policy to the changed circumstances. Whilst retaining the objectives and principles of the common agricultural policy and taking into account the Community's interests as an exporter, a better control of total production must be ensured so that it is better adjusted to the market situation with the result that the share of public expenditure claimed by agriculture can be reduced.

Preservation of the environment and the countryside should be an integral part of a more flexible agricultural policy, more dynamic and better adapted to the market. The adjustment of the common agricultural policy must also take into account the specific nature of the European agricultural model and the need to safeguard the social fabric in rural areas.

International cooperation

The European Council pointed out that the problems of adaptation were certainly not confined to the Community; they were facing its principal partners in the OECD, chiefly the United States, just as much. For that reason it is in favour of international cooperation, both multilateral and bilateral, in order to facilitate the processes of adaptation and establishing new balances.

The situation after the Chernobyl disaster

In view of the deep concern for public health and safety and the fact that nuclear energy is being increasingly used in a number of countries, the European Council examined the work carried out since the Chernobyl disaster and decided that efforts should be made to improve coordination both at international level and within the Community.

1. Short-term consequences

As regards the short-term consequences of the disaster, the European Council considered it important that general contamination tolerance levels be determined on a scientific basis very quickly, in the framework of Chapter III of the Euratom Treaty, in such a way that public health will be guaranteed and the unity of the Community's internal market ensured.

2. Medium and long-term consequences

As regards the medium and long-term aspects, the European Council considered that it was within the International Atomic Energy Agency that progress should primarily be made, *inter alia* in analyzing the accident at Chernobyl, and the Community and the Member States had to contribute actively to the decision-making process in that forum. The Community and the Member States will, in particular, have to promote the rapid preparation of international conventions guaranteeing the essential exchange of information and governing mutual assistance in the event of accidents as well as the implementation of the international responsibility of States.

They will also have to make a major contribution to the international conference on nuclear safety in September, whose importance is stressed by the European Council.

The European Council also considered that complementary action is possible and desirable within the European Community. The Community institutions and the Member States, each within the limits of their powers, must concert their action so as to ensure its maximum effect. This particularly applies to:

- the protection of health and the environment;
- the safety of installations and of their use;
- the procedures to be followed in the event of a crisis;
- research, including the JET.

The European Council received with great interest in this connection the communication of 16 June 1986 from the European Commission and asked the Council to give priority to examining the programme of work incorporated in it.

Drugs

The European Council expressed itself gravely concerned about the serious problem of drug abuse. It pointed out that, for certain aspects of this problem, effective international cooperation exists, in particular within the 'Pompidou Group' of the Council of Europe and the relevant UN agencies, but that for other aspects there is every need to improve and intensify international collaboration, particularly as regards the production of and traffic in drugs and demand for these products.

The European Council considered it advisable to organize *ad hoc* collaboration between the Member States and the European Commission to examine what initiatives could be taken in this area without there being any duplication with work carried out elsewhere. The European Council noted with approval that the Presidency intends to have this question examined by Ministers for the Interior in the autumn. The contribution which could be made to the conference to be held

under the auspices of the UN in the first half of 1987 should also be examined. The European Council decided to continue its examination of this serious matter at its next meeting.

Latin America

The European Council discussed the situation regarding relations between the European Community and Latin America, in particular in the light of the enlargement of the Community to include Spain and Portugal.

It reaffirmed its desire to strengthen and develop these relations both on the political level and on the economic and technical level.

The European Council therefore asked the Commission to submit a document in accordance with the objectives set out in the declaration annexed to the Accession Treaty. It also instructed the Ministers for Foreign Affairs to follow this matter closely and to submit reports to the European Council as and when necessary.

Statement on South Africa

1. The European Council is gravely concerned about the rapid deterioration of the situation and the increasing levels of violence in South Africa. The reimposition of the state of emergency and the indiscriminate arrest of thousands of South Africans can only further delay the start of a genuine national dialogue on South Africa's future, which is so urgently needed if a peaceful solution of the country's problems is to be found.

Furthermore, extensive censorship has been imposed on the media. The European Council believes that the present policies of the South African Government can only lead to increasing repression, polarization and bloodshed.

2. Against this background, the European Council has re-examined the Twelve's policy towards South Africa. It reaffirms that the main goal of this policy is the total abolition of apartheid. To support the process of non-violent change in South Africa and to emphasize their deep concern about the recent course of events, the Heads of State or Government have decided to take additional action.
3. The European Council has declared itself in favour of a concerted European programme of assistance to the victims of apartheid, encompassing both Community and national action, in order to maximize the effectiveness of Europe's contribution in this field.

In this connection the European Council has agreed on an increase in financial and material assistance to the victims of apartheid, in particular those affected by the disturbances in Crossroads, and to political prisoners, including those arrested in connection with the recent reimposition of the state of emergency.

4. **The European Council is convinced that the commencement without delay of a national dialogue with the authentic leaders of the black population is essential to halt a further escalation of violence and allow negotiations leading to a truly democratic and non-racial South Africa.**

This dialogue cannot take place as long as recognized leaders of the black community are detained and their organizations are proscribed.

In this context the European Council calls on the South Africa Government:

- **to unconditionally release Nelson Mandela and other political prisoners;**
 - **to lift the ban on the African National Congress, the Pan-Africanist Congress of Azania and other political parties.**
5. **In the meantime, in the next three months the Community will enter into consultations with the other industrialized countries on further measures which might be needed covering in particular a ban on new investments, and the import of coal, iron, steel and gold coins from South Africa.**
 6. **The European Council decided to ask the future United Kingdom Presidency Foreign Minister to visit southern Africa, in a further effort to establish conditions in which the necessary dialogue can commence .**

Session of the European Council

London, 5 and 6 December 1986

Conclusions

Single European Act

The Heads of State or Government noted that those Member States which have not already done so aim to ratify the Single European Act in time for it to enter into force on 1 January 1987.

Social and economic cohesion

The European Council recalled the Single European Act's provisions concerning social and economic cohesion and the The Hague conclusions on the same subject.

In this context, the Council takes note of the Commission's intention to present proposals, after Mr Delors has visited Heads of States or Government, in accordance with the The Hague commitment, in order to develop structural policies and to proceed with the reform of the Funds, as provided in the Single European Act.

The European Council urges the Council of Ministers to adopt the measures necessary to attain the aforementioned objective.

The European Council also notes the importance of cohesion in the implementation of the internal market and other Community policies.

The challenge: business and jobs

Economic and social progress and the constant improvement of the living and working conditions of the people of Europe are central goals of the Community. The Community must be a major force for growth in the 1980s and 1990s as it was in the 1960s.

The growth of business and enterprises and all productive activities is essential to tackle the scourge of unemployment, particularly long-term and youth unemployment.

To create the conditions for this, the Community must work to break down the remaining barriers to trade between Member States, reduce red tape and open up opportunities so that European enterprise can flourish in all Member States.

The European Council stressed the importance of the growing convergence of economic policy in all the Member States over the last four years. This has led to reduced inflation, now estimated by the Commission to be likely to fall to 3% in 1987, the lowest Community average for 20 years. Reduction in unemployment and convergence in living standards were less satisfactory.

Reduction in interest rates is desirable.

The European Council reaffirmed its commitment at The Hague to the cooperative growth strategy. It welcomed the priority being given to work aimed at helping to create the conditions for establishing non-inflationary growth and a substantial growth in employment, including measures:

- to promote long-term prosperity and job creation through the completion of the internal market;
- to achieve sustained employment growth;
- to lighten regulations hampering business;
- to help small and medium-sized enterprises make a dynamic contribution to the creation of prosperity and jobs; and
- to encourage productive investment.

The European Council invites the Economic and Finance Council to resume its consideration of the EMS in order to strengthen the convergence of economic policies and monetary stability in Europe.

The Council invited the President of the Commission to report quarterly to the Economic and Finance Council on progress being made in the cooperative growth strategy.

The European Council agreed that strengthening the open world trading system on the basis of a fair balance of rights and obligations is crucial to this strategy and to the future prosperity of both industrialized and developing countries. The Community played a leading role in the successful launch of the new round of multilateral trade negotiations. The success of those negotiations will increase opportunities for the Community export trade and will make an important contribution to growth and employment, not least in the key new service industries.

The Council called on Japan to take urgent and effective steps to ensure that imported goods are able to compete freely in the Japanese market and, in specific market sectors, to reduce the massive and still growing trade imbalance with the Community. It considered that the ending of discrimination of the type applied to imported alcoholic drinks would be a test case of Japan's willingness to open its markets to foreign competition. It invited the Council to conduct a thorough review of other actions to achieve a more balanced trading relationship and called on the

Commission to identify other sectors in which action should be pursued to remove barriers to trading in the Japanese market.

The single large market

The European Council welcomed the steady acceleration of progress on the internal market over the last year, and looked forward to still faster progress when the Single European Act enters into force.

The Heads of State or Government noted the substantial results recently reached by the Internal Market Council which completed work on nine out of a package of thirteen measures proposed by the Presidency. They underlined the importance which they attached to completing the package by the end of the year. They asked the Member States concerned to lift their outstanding reserves on two items. On the two remaining items concerning public purchasing and standardization in the fields of information technology and telecommunications they agreed to instruct their permanent representatives to reach agreement before the end of the year. They considered that the completion of the package would be a clear signal to business of the Community's determination to complete the internal market by the end of 1992.

They called on the Agriculture Council to reach decisions on food law measures and veterinary and plant health measures currently before it.

They called for substantial further progress in the Transport Council towards:

- a Community policy for civil aviation encouraging greater competition between airlines and improved services to their customers;
- measures to establish a common shipping policy for the Community, including the freedom to provide shipping services.

Heads of State or Government welcomed the further liberalization of capital transactions decided in November. They called for decisions next year:

- to achieve the next phase of freer movement of capital throughout the Community;
- to make progress in opening up the market in financial services, including insurance, in the light of the judgments just given by the European Court of Justice;
- on mutual recognition of testing and certification;
- on the full arrangements for a single market in road haulage by 1992;
- on the continued opening-up of public purchasing;
- on more internal market measures in the Agriculture Council; and

- on faster progress with the creation of a citizens' Europe, including the freer movement of people and the mutual recognition of professional qualifications.

They noted that fiscal issues would be taken up again by the Council of Economic and Finance Ministers early in 1987 with a view to further progress.

Research and technology

The European Council urged Research Ministers, at their next meeting on 9 December, to reach agreement on the framework programme for Community action in research and technological development, an important step towards enabling the Community to reinforce the internal market and compete in the worldwide market for high-technology products.

They asked the Commission and the Council to make a special effort to secure agreement on standards and the commitment of operators necessary to enable Europe to compete in the development and marketing of digital cellular radio in the 1990s.

Encouraging enterprise

The Council welcomed the conclusions of the 20 October Industry Council on reducing regulations on business and the steps taken by the Commission to assess the impact of all new proposals on business costs and jobs and similarly to review existing legislation.

The Council welcomed the setting up of the Commission task force on small and medium-sized enterprises to coordinate action to improve the environment for business.

The European Council also endorsed the principles of the Commission's proposals on help for small businesses, and in particular steps to:

- improve the administrative environment and reduce the fiscal burdens for small firms;
- ensure that existing schemes operate effectively for small firms;
- help the setting up of new small firms;
- improve the access of small firms to new technology;
- enable Member States to learn from each other's experience.

Heads of State or Government noted the agreement that has been reached to provide Community loans worth 1 500 million which will be available to small and medium-sized enterprises and will help them invest in new technology.

An action programme for employment growth

The European Council, noting the proposals made by the Commission and Member States in this area, emphasized the importance of Community action on jobs designed to:

- encourage better training for both young people and adults;
- help the long-term unemployed back into jobs;
- promote the creation of self-employment and of small and medium-sized firms;
- improve the workings of the labour market, including ways of increasing part-time and other flexible working patterns, providing better access to training for disadvantaged groups, and encouraging employment for such groups in inner city areas.

They called on the Social Affairs Council meeting next week to adopt an action programme for employment growth based on these priorities.

The European Council undertook to review progress at its next meeting.

The European Council welcomed the progress made in discussions at European level between the social partners and invited the Commission to continue its efforts to encourage this co-operation.

Environment

The European Council noted that good progress had been made in protecting the environment through action within the Community and called for further progress. It emphasized that greater attention needed to be given to the effects on the Community of cross-border problems originating outside the Community's frontiers. It stressed the need to reach cross-border solutions both inside and outside the Community.

Travellers' allowances

The European Council noted the importance attached by several Member States to travellers' allowances. It called upon the December Council of Economic and Finance Ministers and the Commission to find solutions to these problems, taking into account the concerns of Member States as raised in this Council.

Erasmus

The European Council called for further consideration of the Erasmus student mobility programme with a view to reaching a decision at an early Council.

Community prospects for 1987

The President of the Commission briefed Heads of State or Government on the discussions set in hand by the Commission under the guidelines given by the European Council in Fontainebleau and by the Single European Act. He covered the financing of the Community, the CAP and the achievement of cohesion.

It was agreed that Mr Delors would visit Heads of State and Government to report on the Commission's work. In the meantime, work must continue and decisions be taken in the Council.

Safeguarding the open society

The European Council had a detailed discussion of how further to intensify their cooperation to combat terrorism, illegal immigration and drug trafficking. They agreed that concerted policies to deal with these problems were essential to the goal of achieving free movement within the Community as set out in the Single European Act.

Terrorism

They agreed that the following principles must govern their common fight against terrorism and those who sponsor terrorist acts:

- no concessions under duress to terrorists or their sponsors;
- solidarity between the Member States in their efforts to prevent terrorist crimes and to bring the guilty to justice;
- concerted action in response to terrorist attacks on the territory of a Member State and to evidence of external involvement in such attacks.

The Heads of State or Government confirmed the decisions taken by the Twelve in response to evidence of State-sponsored terrorism. The Heads of State or Government welcomed the intention of the Governments of France, Greece and Ireland to ratify the European Convention on the Suppression of Terrorism.

Cooperation between security authorities

Heads of State or Government agreed that they must pool their resources to maximize their ability to prevent terrorist acts and to bring those responsible to justice. They agreed also to intensify their cooperation with like-minded countries, including members of the Council of Europe.

Asylum seekers

The Heads of State or Government underlined their continued willingness to give asylum according to their national legislation and treaty commitments. They agreed that asylum should not be granted for economic and financial reasons and that steps must be taken to counter abuse. They invited the relevant Ministers to concert action with a view to ensuring that the right of asylum is not abused.

Action by the relevant Ministers

The European Council asked Interior Ministers to concert:

- arrangements for extradition; they welcomed the changes being made by the United Kingdom to its extradition laws which will enable it to adhere to the European Convention on extradition;
- measures to deal with the theft and forgery of passports;
- consideration of the role of coordination and possible harmonization of visa regimes in tightening controls at the Community's external frontiers;
- intensified cooperation on measures to prevent illegal immigration.

At the same time, the Community and the Member States will be examining what further action they can take to simplify frontier procedures within the Community, for the benefit of all their citizens.

In order to strengthen their defence against terrorism while making travel easier for the Community's citizens, they endorsed the action of relevant Ministers in setting in hand a study of how to strengthen controls at the Community's external frontiers. Heads of State or Government agreed to examine the progress made at their next meeting, determined that their solidarity in the face of the terrorist threat to the safety of their citizens should be put into practice at every level of cooperation.

Drugs

Heads of State or Government decided that the Community and the Member States must continue to contribute to the fight against drug abuse. They endorsed the seven-point action pro-

programme of work agreed by Interior Ministers and noted that agreement had been reached for the Community to participate as an observer in the 1987 UN Conference on Drugs.

They agreed on the need to work in close cooperation with the Council of Europe's Pompidou Group to:

- cooperate to thwart and to prosecute those who criminally traffic in illegal drugs;
- coordinate legal action and, in particular, ensure that the assets of someone convicted of illicit trafficking in one Community country will be liable to confiscation throughout the Community;
- exchange drugs liaison officers between Community countries and continue posting such officers to other countries;
- intensify cooperation between police and customs authorities;
- seek recommendations from Community ambassadors in drug-producing countries on further ways in which the Community can help;
- concert their contributions to the 1987 UN Conference;
- work closely with other friendly countries;
- draw on each other's expertise in the treatment and rehabilitation of drug addicts and work together to educate teachers, parents and children about the dangers of drug abuse.

Each Member State has its own problems and ways of dealing with them but there are lessons which will apply to all. The European Council called for a report to be made to the next European Council with recommendations for action by the Community and its Member States, with particular reference to:

- a list of products prohibited throughout the Community;
- harmonized criminal legislation on drug offence.

Public health

The European Council recalled that at their meeting in The Hague they had requested the Council of Ministers to reach agreement on an action programme against cancer, and agreed that 1989 should be designated European Cancer Information Year. The aim will be to develop a sustained and concerted information campaign in all the Member States on the prevention, early warning and treatment of cancer. They noted with appreciation the work of the committee of cancer specialists which will shortly be reporting and undertook to follow up this report as soon as it becomes available.

The European Council expressed its concern about the rising incidence of AIDS. They noted the link that existed with the drug problem. They stressed the importance of coordinating national campaigns to improve public awareness and information about the disease and prevent its spread.

The European Council expressed its support for the work of the World Health Organization. They asked the Council of Ministers and the Commission to ensure through the appropriate machinery the effective Community-wide exchange of information about the spread of the disease, prevention and treatment and to consider what further cooperative measures should be taken by all the Member States. They agreed to consider also the scope for further cooperation in research. This matter should then be considered by Health Ministers.

Statement on Afghanistan

As the seventh year of Soviet occupation comes to a close, the European Council again draws attention to the very serious situation facing the people of Afghanistan and neighbouring countries.

Over 110 000 Soviet troops remain in Afghanistan to prosecute a bitter and repressive war. Their presence violates international peace and security and endangers the stability of the region. Five million Afghans have been forced to flee the country. The Afghan people are still denied their freedom and independence. Large-scale violations of human rights in Afghanistan continue to engender massive suffering.

The European Council supports the United Nations Secretary General's search for a political settlement based on principles overwhelmingly endorsed by the international community. The Council again calls on the Soviet Union to agree to a rapid and complete withdrawal of its forces.

Session of the European Council

Brussels, 29 and 30 June 1987

Conclusions

Making a success of the Single Act

At the opening of its meeting the European Council received the President of the European Parliament, Lord Plumb, who presented the conclusions reached by the Parliament on the future development of the Community.

The European Council then examined the various aspects of the Commission communication entitled 'Making a success of the Single Act'.

The European Council is aware that the recent enlargement, the 1992 deadline for the achievement of the single market, the undertaking to strengthen cohesion and develop common policies and the signing of the Single Act open up new prospects for the Community. To make allowance for those changes and in order to address this new stage in the Community's development under the best conditions, the European Council feels that a number of concrete guidelines must now be set and a procedure laid down enabling the various decisions required for their attainment to be adopted swiftly.

Common economic area

1. One of the Community's essential tasks is the establishment of a common economic area comprising the attainment of the single market and economic and social cohesion.

The foundation for this area will be the attainment of an internal market in which goods, persons, services and capital circulate freely. Convergence of the economic and monetary policies of the Member States and in particular the strengthening of the EMS are essential features in this respect.

The creation of the economic area will also require accompanying policies to be developed in order that greater Community cohesion may be achieved on the basis of the provisions of the Single Act.

The creation of the common economic area will bring benefits to all the Member States since it will generate stronger economic growth and create more jobs.

The European Council underlines the importance of the work which has been carried out since the submission of the Commission's White Paper on the internal market in June 1985. In order to ensure that the 1992 deadline is met, the European Council requests the relevant Councils to take full advantage of the improvement in the decision-making process now produced by virtue of the Single Act. It requests the institutions concerned to take the necessary decisions with regard, in particular, to the opening of public contracts, the approximation of standards, the completion of the liberalization of capital movements, insurance matters and the mutual recognition of diplomas and to make swift progress with regard to the company law adjustments required for the creation of a European company.

The European Council would like these decisions to be taken with all possible speed and in any event before the end of 1988 so that the attainment of this objective is regarded as irreversible.

The European Council also emphasizes the importance of a common effort in the area of new technologies: in this connection the European Council invites the Council to approve as a matter of urgency the new framework programme for scientific research and development in accordance with the Presidency's compromise.

The Structural Funds in connection with cohesion

2. In confirming the importance of the general objective of strengthening Community cohesion, the European Council is convinced that reform of the Structural Funds must play a considerable part in achieving this objective. It endorses the Commission's approach to ensuring that these instruments are more effective as regards the rationalization of their objectives, the concentration of their action according to Community criteria, giving due weight to the backwardness of certain regions or to regions in industrial decline and recourse to the programme method. There would also be a need to provide for a variation of intervention rates in accordance with objective criteria, in particular the degree of prosperity of the recipient State. The European Council requests the Council to examine these questions on the basis of the comprehensive proposal to be submitted by the Commission in accordance with Article 130d of the Single Act.

As regards funding, the European Council recalls the undertaking given in 1984 in favour of significant progression in real terms in the appropriations allocated to the Structural Funds. The Commission considers that, in order to meet the specific requirements connected with the recent enlargement and to contribute to achieving the objectives of the Single Act, the appropriations allocated to the Funds must be doubled, in real terms, by 1992. Acting on a Commission proposal in the context of the Community's new financial system, the European Council intends to fix a financial objective for appropriations to the Funds, to be reached in 1992, and will adopt the multi-annual reference

framework accordingly, in order to strike a balance between achieving the internal market and strengthening cohesion.

The implementation of all the above measures will make it possible to give a real economic impact to Fund intervention.

Budgetary discipline and new resources

3. Like the Commission, the European Council considers it essential that a lasting response be sought to the question of the Community's financial equilibrium, on the one hand by providing it with appropriate resources and on the other hand by subjecting the use of these resources to effective and binding budgetary discipline.

Budgetary discipline

4. Parallel to the effort being made by the Member States in connection with their own budgets, the Community must submit the use of its resources to effective and binding discipline. The European Council considers that the arrangements decided upon at Fontainebleau must be strengthened in the light of experience. Budgetary discipline must be applied to all the Community's expenditure, both to payment appropriations and to commitment appropriations. It must be binding on all the institutions which will be associated with its implementation.
5. As regards non-compulsory expenditure, these rules involve, in particular, compliance with the provisions relating to the maximum rate. The achievement of the Community's financial objective for 1992 as regards the Structural Funds will be ensured in each budget year by applying Article 203 (9) of the Treaty.
6. As regards the agricultural sector, the European Council confirms that EAGGF guarantee expenditure must not progress at a rate exceeding that of the own-resources base.

The European Council notes that the Council has already adopted various production stabilization arrangements within the market organizations.

The European Council requests the Council, acting on a Commission proposal, to adopt the additional regulations which will enable the Commission, in the context of the management of the market, to keep the level of expenditure within the budget framework.

The starting base of the agricultural norm must be redefined to take account of the current situation. The effect of exceptional circumstances will have to be better defined and in particular the monetary factor will have to be neutralized in both directions

7. Generally speaking, the European Council emphasizes that the new budgetary discipline must be implemented in such a way that it does not conflict with the effort made by the Community to achieve a better balance between the various categories of expenditure.
8. For expenditure as a whole, budget management rules must be strengthened, in particular through a reform of the financial Regulation.

New resources

9. The European Council considers that the Community must have stable and guaranteed resources enabling it to cope with the consequences of decisions connected with the implementation of its main policies.

The European Council asks the Council, within the programme of work set out below, to adopt the level of the new ceiling of own resources based on a percentage of Community GNP.

The financing system should, as proposed by the Commission, take greater account of the proportionality of contributions in accordance with the relative prosperity of Member States.

The Council will also study the Commission's proposal fixing until 1992 the annual sub-ceilings for own resources in order to consolidate the budgetary discipline rules.

Correction of budgetary imbalances

10. The European Council notes that a decision on the question of the correction will be taken at the same time as the decisions on future funding.

Agriculture

11. The European Council recalls the conclusions adopted by the OECD and the Venice summit and notes that the direction taken in the proceedings of the Agriculture Council on the basis of the Commission proposals is in keeping with the commitments entered into in those forums. The European Council confirms the need for better adjustment of supply to demand through measures enabling the market to play a greater role. This approach could be supplemented by other measures such as, for example, encouragement of the set-aside of land or more extensive farming.

In view of the repercussions of these measures on incomes, the reforms could be accompanied, in accordance with the Commission proposals, by the grant of direct, selective income support which should be subsidiary in relation to

prices policy, have no impact on the level of production and fall within a Community framework.

Implementation of an approach of this kind by the Community and by all the other main agricultural producers could only have beneficial effects in the long term, provided they are balanced, progressive and concerted.

The European Council considers that the completion of the modernization of the common agricultural policy must take into account its fundamental principles, the legitimate interests of farmers, and the Community's external interests, while avoiding any risk of movement towards re-nationalization.

Once the decisions on the 1987/88 prices have been adopted, the Commission and the Council will have to draw up an inventory of the various adjustments made to the common agricultural policy and, on that basis, the Council will adopt the requisite supplementary measures, including measures to ensure that the budgetary discipline is fully observed.

Work programme and procedure

The European Council requests the Council, on the basis of the Commission communication entitled 'Making a success of the Single Act', and in the light of the guidelines defined above, to:

- prepare, on a proposal from the Commission, the binding legal provisions referred to in paragraphs 4 to 8 above to establish budgetary discipline for both agricultural and non-compulsory expenditure. These provisions will include the supplementary measures for inclusion in the common agricultural policy judged necessary in the light of the inventory referred to in paragraph 11;
- prepare a decision on the comprehensive Commission proposal for reform of the Structural Funds including the financial objective for appropriations to the Funds to be reached in 1992 (see paragraph 2 above);
- prepare, on a proposal from the Commission, in conjunction with the above decisions, the level of the new ceilings on own resources for 1992;
- prepare, on a proposal from the Commission, detailed guidelines on the new system of own resources, following the indications in paragraph 9 above, and on the correction of budgetary imbalances.

All the decisions to be taken on the four points above form an indivisible whole.

The European Council will adopt its final position on all these matters at its meeting in Copenhagen in December 1987.

With regard to the new own resources, the legal decision to be submitted for ratification by the national parliaments will have to be definitively adopted by the Council (in accordance with

guidelines confirmed by the European Council) before the end of the first quarter of 1988, so that it can be finally approved (after ratification by the national parliaments) before the end of 1988 with retroactive effect as from 1 January 1988.

Pending ratification, appropriate measures will be taken by the budgetary authority to cover the requirements of the 1988 budget in order to ensure the normal functioning of the Community.

System of monetary compensatory amounts

The arrangements on monetary compensatory amounts agreed by the European Council are set out below.

1. Existing positive MCAs

(a) Immediate reduction by:

- 1 switch-over point;
- 0,5 neutral margin point.

(b) Reduction by 1 point at the beginning of the 1988/89 marketing year by a reduction in prices in DM compensated for by a German national aid equivalent to 2 VAT points to cease to apply at the end of 1988, but without such aid being linked to production.

(c) Elimination of the balance at the beginning of the 1989/90 marketing year (this balance should be minimal and only apply to a few products).

2. Future MCA system

Retention of the switch-over system:

(a) As regards 'artificial' MCAs:

- 25% elimination through reduction in ECU prices, at the beginning of the following marketing year, with the possibility of a compensatory national social aid not linked to production;
- elimination of 50% of the balance at the beginning of the second marketing year following realignment, with the 1979 gentlemen's agreement being maintained;
- elimination of the remainder at the beginning of the third marketing year following realignment, with the 1979 gentlemen's agreement being maintained.

(b) As regards 'natural' MCAs:

- maximum 30% elimination at the time of realignment;
- programme for dismantling the balance in two equal stages at the beginning of the two marketing years following realignment.

The system will be re-examined before 1 July 1988 in the light of a joint report by the Ministers for Finance and for Agriculture.

1987 budget

The Commission submitted a preliminary draft supplementary and amending budget to adapt the budget as adopted.

The Budget Council is requested to prepare a draft budget urgently on this basis.

This budget will be funded by using all available own resources up to the 1,4% VAT limit and by reductions in expenditure by means of measures which do not call into question the implementation of Community policies and safeguard the non-compulsory expenditure currently entered in the budget.

In addition, the EAGGF guarantee appropriation in 1987 will be honoured by means of an adjustment in the system of advance payments on the basis of a Commission proposal. The details of this adjustment will be laid down before the end of the year. It will be re-examined in connection with the whole body of decisions to be taken with regard to the future financing of the Community.

Research

The European Council requests the Community institutions to ensure that the scientific research and development appropriations in the budget for the 1987 financial year can be used for current programmes pending the definitive adoption of the multi-annual framework programme provided for in the Single Act.

Session of the European Council

Copenhagen, 4 and 5 December 1987

Conclusions

European political cooperation

Declaration on East-West relations

1. The European Council welcomes the important prospects of an improvement in East-West relations and acknowledges that the forthcoming summit in Washington will mark a significant step forward in these relations.
2. The agreement on global elimination of United States and Soviet land-based intermediate-range nuclear missiles will be a milestone, eliminating for the first time an entire class of weapons. The Twelve hope that this agreement will enter into force soon.

They consider it essential that this achievement in nuclear arms control should give further impetus to substantive progress in the whole range of present and future bilateral US-Soviet and multilateral negotiations on arms control and disarmament.

3. The Twelve will continue to seek through the CSCE process more secure and more cooperative relations between the participating States. All the undertakings made in Helsinki and Madrid should be fully implemented.

Respect for human rights and freedom is a prerequisite for confidence, understanding and cooperation. The Twelve are determined that the Vienna meeting should benefit all individuals in the 35 countries involved.

The Twelve wish to build upon the achievements of the Stockholm Conference (CDE) and will contribute to the elaboration of a further set of confidence- and security-building measures. They will work resolutely towards a stable and secure balance of conventional forces in Europe at a lower level.

4. In all this, the Twelve will cooperate closely with other countries which share their ideals, values and objectives.

Declaration on the Middle East

1. The European Council deplores the continuing absence of resolution of the crises in the Middle East.
2. The Twelve reaffirm their willingness to develop their political dialogue with all States in the Middle East. They also wish economic cooperation to progress and in particular the current negotiations on an agreement between the European Community and the countries of the Gulf Cooperation Council to be completed rapidly.
3. The European Council expresses its profound concern about the continuation of the war between Iraq and Iran and reiterates its firm and whole-hearted support for Security Council Resolution 598 as the means to bring an end to this armed conflict. The Twelve continue to give their unreserved and strong support to the efforts of the United Nations Security Council and the Secretary General to obtain the immediate and full implementation of this resolution. Continued noncompliance with this mandatory resolution is not acceptable to the world community and the appropriate action should now be taken to enforce its implementation by means of a follow-up resolution.
4. The Twelve confirm their desire for a negotiated solution to the Arab-Israeli conflict which would bring to the region a just, comprehensive and lasting peace in accordance with the principles set out in the Venice Declaration, and reiterate their support for an international peace conference under the auspices of the United Nations. They welcome the endorsement given to such a conference by the Arab League summit in Amman under the chairmanship of King Hussein of Jordan. They call for renewed efforts by all concerned to reach agreement on arrangements for the conference to be held as soon as possible.

The Twelve reiterate their preoccupation about human rights and living conditions in the Occupied Territories. Without prejudging future political solutions they will continue to contribute to the economic and social development of those territories.

5. The European Council remains deeply concerned about the situation in Lebanon. It calls for a peaceful solution to the Lebanese crisis which should be based on the independence, unity, sovereignty, territorial integrity and national reconciliation of that country. The Twelve reaffirm their support for Unifil and call on all concerned to support the force and to allow it to fulfil its mandate unobstructed. They reiterate their condemnation of the continuing detention of hostages and victims of kidnapping in Lebanon, and call for their immediate release.

Declaration on Afghanistan

The European Council examined the situation in Afghanistan, which remains an important source of international tension eight years after the invasion by Soviet troops. The Twelve pay tribute to the Afghan people's spirit of independence. They also acknowledge the courage of the people of Pakistan, which has suffered so much as a result of this conflict, and the generous assistance provided by that country to more than 3 million Afghan refugees.

The Twelve support the persistent efforts by the UN Secretary-General and his personal representative to find a negotiated solution which would put an end to the tragic human suffering and the continuing violations of human rights in Afghanistan, allow the refugees to return and restore Afghanistan as a genuinely independent and non-aligned country. The principles which must underlie a settlement have once more been overwhelmingly endorsed at this year's UN General Assembly.

The Twelve take note that Soviet leaders have announced their intention to find a political solution in Afghanistan. They believe there should now be an urgent new impetus in the peace negotiations and call on the Soviet Union to:

- withdraw all its troops by a date in 1988 according to a fixed timetable;
- agree to the establishment of a transitional government, whose independence could not be contested, to make preparations for a new constitution and a genuine act of self-determination;
- recognize that the participation of the Afghan resistance is essential to a comprehensive political settlement.

The Twelve remain ready to contribute constructively towards the achievement of an acceptable settlement, which would bring about a significant improvement in international relations.

Session of the European Council

Brussels, 11 and 12 February 1988

Conclusions

Budgetary discipline and budget management

Introduction

1. Budgetary discipline shall be applied in conformity with the conclusions of the Brussels European Council (29 and 30 June 1987).

Ceilings

2. The Decision on the system of the Communities' own resources shall lay down, for payment appropriations, a new overall own resources ceiling.

It shall also lay down a ceiling for commitment appropriations in 1992 and determine an orderly evolution for them, maintaining a strict relationship between commitment appropriations and payment appropriations.

The Communities' annual budgets for the financial years 1988 to 1992 shall be kept within those ceilings.

Agricultural expenditure

Reference framework

3. The annual growth rate of EAGGF Guarantee expenditure (...) shall not exceed 74% of the annual growth rate of the Community GNP.
4. The expenditure of EAGGF Guarantee shall be that chargeable to Section III, Part B, Titles I and 2 (EAGGF Guarantee) of the budget, less amounts corresponding to the disposal of ACP sugar, food-aid refunds, sugar and isoglucose levy payments by producers, and any other revenue raised from the agricultural sector in the future.

For the financial years 1988 to 1992, systematic depreciation costs for newly formed stocks, commencing at the time they are established, shall also be financed from the above allocation.

The Council shall enter each year in its draft budget the necessary appropriations to finance the costs of stock depreciation. Furthermore, Council Regulation 1883/78 is to be modified so as to create a legal obligation to proceed to stock depreciation over the period in question so as to arrive at a normal stock situation by 1992.

The Commission undertakes to make use of the appropriations in question in the early months of the budget year.

Costs connected with depreciation of existing excess agricultural stocks shall be kept outside the agricultural reference framework. The following amounts will be inscribed in Title 8 of the budget for depreciation of existing excessive stocks (1988 prices):

1988	1 200 million ECU,
1989-92	1 400 million ECU per year.

Spain and Portugal will be treated, as far as their financial participation in the depreciation of these stocks is concerned, as if this depreciation had been entirely financed by the Community in 1987; an appropriate restitution will be entered in Title 8 of the budget for this purpose.

5. The reference basis for the definition of the annual allocations for EAGGF Guarantee expenditure shall be the 1988 expenditure figure of 27 500 million ECU (1988 prices), adjusted in accordance with point 4, paragraph 1.
6. The annual maximum allocation for the EAGGF Guarantee Section for a given year after 1988 shall be the reference basis set out in point 5 increased by 74% of the growth rate of GNP between 1988 and the year in question (adjusted in accordance with point 4, paragraph 1).

Agricultural stabilizers

7. New agricultural stabilizers will be introduced according to the decisions set out under 'Agriculture' below, supplementing the existing agricultural stabilizers.

Management of agricultural budget

8. Budgetary management of the EAGGF Guarantee expenditure shall be strengthened with a view to enabling the Commission to operate an efficient 'early warning system' concerning the development of expenditure of the individual EAGGF expenditure chapters. Before the beginning of each budget year the Commission shall define expenditure profiles for each budget chapter based on

a comparison of monthly expenditure with the profile of the expenditure over the three preceding years. The Commission shall submit monthly reports thereafter on the development of actual expenditure against profiles. Where the Commission finds, thanks to the early warning system, that the rate of development of real expenditure is exceeding the forecast profile, or risks doing so, it shall use the management measures at its disposal, including those which it has under the stabilizing measures, to remedy the situation. If these measures are insufficient, the Commission shall examine the functioning of the agricultural stabilizers in the relevant sector and, if necessary, shall present proposals to the Council calculated to strengthen their action. The Council shall act within a period of two months in order to remedy the situation.

9. So as to enable the Council and the Commission to put the above rules into application, measures shall be taken to accelerate the transmission and treatment of data supplied by the Member States on agricultural expenditure within each marketing organization so as to ensure that the rate at which appropriations in each chapter are used is known with precision one month after expenditure has taken place. Present agriculture legislation will be adapted to ensure this. The special provisions concerning the financing of the CAP decided for 1987 (switch) shall continue to apply; however the delay of the advances by the Commission to Member States shall be extended from two to two and a half months. The present system for payments of interest will be continued.

Payment of Community advances is subject to Member States complying with their obligation to make available to the Commission the information set out above justifying Community payment.

The Commission declares that prudent management necessitates that payment of monthly advances by the Commission be executed only on the basis of the above information and to the extent that, as under the budgetary procedure for other compulsory expenditure, the availability of credits is established by chapter, i.e. by common market organization.

Where credits are not available, the Commission will propose corresponding transfers to the budget authority.

A realistic schedule shall be established for the clearance of EAGGF accounts.

Fixing of agricultural prices

10. The Commission's price proposals shall be consistent with the limits laid down by the agricultural reference framework.

If the Commission considers that the outcome of the Council's discussions on these price proposals is likely to exceed the costs put forward in its original proposal, the final decision shall be referred to a special meeting of the Council attended by the Ministers for Finance and the Ministers for Agriculture which shall have the sole power to adopt a decision.

11. The agricultural allocation shall be respected each year.

Monetary reserve

12. The level of EAGGF Guarantee expenditure may be influenced by movements in the dollar/ECU market rate. To cover developments caused by significant and unforeseen movements in the dollar/ECU market rate compared to the rate used in the budget, a monetary reserve of 1 000 million ECU shall be entered each year in the budget in the form of provisional appropriations.

The reserve shall function in the following way:

- (i) a report will be prepared by the Commission to the budget authority in October each year on the impact of movements in the dollar/ECU market rate on EAGGF Guarantee expenditure;
- (ii) savings or additional costs resulting from movements in the rate shall be treated in a symmetrical fashion. Where favourable changes take place in the dollar/ECU rate compared to the budget rate, the savings in the Guarantee Section of up to 1 000 million ECU shall be transferred to the monetary reserve. Where additional budgetary costs are engendered by a fall in the dollar against the ECU compared with the budget rate, transfers shall be made from the reserve to the EAGGF Guarantee lines in question;
- (iii) there shall be a franchise of 400 million ECU. Savings or additional costs below this amount will not necessitate transfers to or from the monetary reserve. Savings or additional costs above this amount will be paid into or met from the monetary reserve;
- (iv) the revenue corresponding to the monetary reserve will only be called up from the Member States if it is actually required, i.e. not until a transfer proposal from the reserve has been approved by the budget authority. The amount paid over by the Member States will be limited to the amount of the approved transfers;
- (v) any amount remaining at year's end in the monetary reserve will be cancelled and thus contribute to a budgetary surplus which is counted as a revenue item in succeeding budgets;
- (vi) the monetary reserve shall not be included in the EAGGF Guarantee expenditure guideline.

Other compulsory expenditure

13. The Council shall adopt each year the reference framework for the other compulsory expenditures (commitment appropriations and payment appropriations) with due regard for the Community's legal obligations.

Non-compulsory expenditure

14. Budget discipline in this field will be applied in conformity with the principles set out in the conclusions of the Brussels European Council as follows:

'Budgetary discipline must be applied to all the Community's expenditure, both to payment appropriations and to commitment appropriations. It must be binding on all the institutions, which will be associated with its implementation.'

The Council, for its part, shall apply the provisions of Article 203 (9) of the Treaty in such a way that the two following guidelines will be respected:

- (a) progression of the NCE which has been the subject of a multi-annual financing Decision by the Council for the period 1988-92 (Structural Funds, IMPs, research), ensuring that such decisions will be honoured;
- (b) progression of NCE other than that referred to in (a) above equal to the maximum rate of increase communicated by the Commission.

The procedure laid down in Article 9 of the Council conclusions on budgetary discipline will continue to apply for these expenditures.

Member States will, within the framework of Article 203 (9) of the Treaty, consider the result of these two guidelines as a maximum during the entire budget procedure.

Inter-institutional agreement

15. The Council will aim to agree with the European Parliament an understanding on the implementation of the decisions of the European Council covering the whole period up to 1992.

Council Decisions to implement the decisions of the European Council in this field will be adopted in the light of the outcome of the discussions with the European Parliament and in conformity with the principles set out in point 14, paragraph 1 above and at the same time as the new own-resources Decision.

Strengthening of budgetary management

16. In the interests of better budgetary management, carryovers of differentiated appropriations shall no longer be automatic; certain carryovers justified by technical reasons may be decided by the Commission on the basis of specific criteria laid down in the Financial Regulation.

The restoration of certain appropriations following decommitments shall only be possible by decision of the Commission on the basis of specific criteria laid down in the rules for implementation of the Financial Regulation; decommitted appropriations shall otherwise be automatically cancelled.

The strengthening of these principles of annuality cannot call into question the achievement of the objectives fixed for Community policies.

17. The size of any future negative reserves in the budget shall be limited to 200 million ECU.
18. All the elements set out above are legally binding decisions on the general principles of budgetary discipline. Corresponding legal texts will be adopted to replace the 1984 Decision and will remain in force for the duration of the own-resources Decision. Moreover:
- point 2 will be incorporated in the own-resources Decision;
 - the stabilizers referred to in point 7 will be incorporated into the agricultural market organizations;
 - points 9, 16 and 17 will be implemented by a revision of the existing Financial Regulation.

A general revision of the Financial Regulation will be carried out before the end of 1988.

Flanking policy

Reform of the Structural Funds

The Member States share the broad outlines of the Commission's general approach on the reform of the Funds: they confirm the conclusions of the European Council in Brussels as regards rationalization of the Funds' objectives, concentration of their measures in accordance with Community criteria, account being taken of the backwardness of certain regions or of regions in industrial decline, and recourse to the programme method.

Objectives

1. Community operations under the Structural Funds, the European Investment Bank and the other financial instruments shall support the achievement of the general objectives set out in Articles 130a and 130c of the Treaty by contributing to the attainment of five priority objectives:
 - promoting the development and structural adjustment of the less-developed regions ('Objective No 1');
 - converting the regions, border regions, or part regions (including employment areas and urban communities) seriously affected by industrial decline ('Objective No 2');
 - combating long-term unemployment ('Objective No 3');
 - facilitating the occupational integration of young people ('Objective No 4');
 - with a view to reform of the common agricultural policy, speeding up the adjustment of agricultural structures and promoting the development of rural areas ('Objective No 5').

Method for selecting regions concerned by Objectives 1 and 2

2. The Council shall fix the list of the structurally less-developed regions concerned by Objective No 1 in the comprehensive Regulation.

The following regions shall be included in the list:

- regions (administrative level NUTS II) whose per capita GDP is lower than 75% of the Community average, taking the figure for the three last years;
- Northern Ireland and the French overseas departments;
- other regions whose per capita GDP is close to that of regions mentioned in the first point above and for which particular reasons exist for their inclusion on the list.

The list of regions shall be valid for five years. On expiry of the five-year period the Council, acting by qualified majority on a Commission proposal, shall decide on a new list.

3. The Council shall fix in the comprehensive Regulation the socio-economic criteria governing the choice of regions, border regions, employment areas and urban communities concerned by Objective No 2. The criteria may be revised by the

Council acting by qualified majority on a proposal of the Commission after three years.

The Commission shall, under the advisory committee procedure, draw up the list of such regions, border regions or part regions (including employment areas and urban communities).

Role of the three Funds

4. The Structural Funds shall contribute, each according to the specific provisions governing its operations, to the attainment of Objectives Nos 1 to 5 on the basis of the breakdown given below:
 - Objective No 1: ERDF, ESF, EAGGF Guidance Section,
 - Objective No 2: ERDF, ESF,
 - Objective No 3: ESF,
 - Objective No 4: ESF,
 - Objective No 5: EAGGF Guidance Section, ESF, ERDF.

Operations falling outside the primary missions of the ERDF (to promote Objectives 1 and 2), the ESF (to promote throughout the Community Objectives 3 and 4) and the EAGGF Guidance Section (to promote throughout the Community Objective 5) shall be guided by criteria to be laid down by the Council in the comprehensive Regulation.

Geographical concentration and level of funding

5. Commitment appropriations for the Structural Funds will be doubled in 1993 by comparison with 1987. In addition to the resources earmarked for the financial year 1988 (7 400 million ECU), commitment appropriations will increase by 400 million ECU in 1988, by 1 300 million ECU each year from 1989 to 1992, representing 13 000 million ECU in 1992 (in 1988 prices). These amounts include 100 million ECU annually for the special programme for industrial development in Portugal (Pedip). This amount will be the subject of a special budgetary line independent of the Structural Funds. The effort will be continued in 1993 in order to achieve doubling.

The contributions of the Structural Funds to the regions covered by Objective No 1 will be doubled by 1992.

The Commission shall ensure that in the framework of the additional resources for the regions covered by Objective No 1, a special effort will be undertaken for the least prosperous regions.

The Commission shall, in the annual reports which it submits under Article 15, demonstrate in particular what progress has been made towards achieving the objectives set out above; it may, to ensure progress in achieving these objectives, make any appropriate proposals that it considers necessary.

Differentiation of the Community contribution

6. Community assistance from the Funds under the different objectives set out in Article 1 of the Commission's proposal will be subject to the following limits:
 - maximum 75% of total cost and as a general rule; minimum 50% of public expenditure for measures applied in the regions defined for action under Objective No 1;
 - maximum 50% of total cost and as a general rule; minimum 25% of public expenditure for measures applied in other regions.

The Commission will take full account of the requirements of the action in question, including the ability of the Member State concerned to provide its share of the necessary finance.

Preparatory studies and technical assistance measures will be subject to special rules to be fixed in the comprehensive Regulation; the minimum intervention rates referred to in the first paragraph above will not apply to income-generating investments.

Breakdown of the appropriations among Member States

7. The comprehensive Regulation will contain provisions regarding indicative shares of commitment appropriations under the ERDF in order to facilitate the Member States' programming of operations falling under the ERDF.

Procedure

8. The Council shall adopt the comprehensive Regulation in accordance with the principles set out above before 31 May 1988.

System of own resources

1. The own-resources Decision will be established in conformity with the conclusions of the European Council in Brussels (29 and 30 June 1987).

Level of resources

2. The overall ceiling on own resources shall be fixed at 1,20% of the Community's total GNP for payment appropriations. An overall ceiling of 1,30% of total Community GNP shall be fixed for commitment appropriations. The total

amount of own resources assigned to the Communities may not exceed for each year during the period 1988 to 1992 a given percentage of the Community's total GNP for that year.

Before the end of 1991, the Commission shall present a report on the operation of the own resources system and the application of budgetary discipline.

The EDF will continue to be financed outside the budget.

The correction of budgetary imbalances will be carried out in such a way that the amount of own resources available for Community policies is not affected.

Origin of own resources

3. Revenue from the following shall constitute own resources entered in the budget of the European Communities:
 - agricultural levies and sugar and isoglucose duties less 10% to be withheld by Member States as collection costs;
 - CCT customs duties and custom duties on products coming under the ECSC Treaty less 10% to be withheld by Member States as collection costs;
 - the application of a rate of 1,4% valid for all Member States to the assessment base for value added tax which is determined in a uniform manner for Member States according to Community rules; the assessment base for value added tax may not exceed 55% of the gross national product at market prices of each Member State;
 - the application of a rate to be determined under the budgetary procedure in the light of the total of all other revenue to an additional base representing the sum of the gross national product at market prices.

It is assumed that the United Kingdom's compensatory payments will be dealt with in accordance with the present method (by means of VAT).

4. The above provisions must be embodied in a legal decision ready for submission to the parliaments of the Member States for ratification, which must be finally adopted by the Council before 31 May 1988, in order for it to be finally approved (after ratification by the national parliaments) before the end of 1988, with retroactive effect from 1 January 1988.
5. The Commission will introduce a Directive on the application of the rules governing the establishment of the gross national product at market prices guaranteeing the comparability and uniformity of national statistics used for the purpose as well as the verification of these statistics and providing for a procedure of revision.

The Commission report referred to in point 2 above shall also assess what progress has been made towards taking greater account of the proportionality of contributions in accordance with the relative prosperity of Member States.

6. In order to cover the 1988 budget requirements and guarantee the Community's normal activities, the European Council agrees that until the new own-resources Decision enters into force, Member States will make available any funds that are required in excess of the existing ceiling on own resources, in the form of non-repayable advances on payments due after entry into force of the own-resources Decision. This will be brought about according to the appropriate national procedures.

Correction of budgetary imbalances

The European Council conclusions of 25 and 26 June 1984 on the correction of budgetary imbalances remain applicable for as long as the new Decision on own resources remains in force.

The mechanism decided at Fontainebleau was based on the difference between the United Kingdom's VAT share and its share in allocated expenditure, multiplied by allocated expenditure. The compensation represented 66%.

The following modifications are to be made:

- (i) the VAT share shall be replaced by the United Kingdom's share of payments under the third and fourth resources;
- (ii) the effect on the United Kingdom in respect of a given year of the introduction of the fourth resource, which is not compensated by the change under (i) above, will be offset by an adjustment to the compensation in respect of that year;
- (iii) the compensation to the United Kingdom will be financed by the 11 other Member States on the basis of a GNP key; however, the contribution of Germany is reduced by a third and those of Spain and Portugal are reduced in accordance with the abatement provided for in Articles 187 and 374 of the Act of Accession.

The review of the British compensation will be carried out in the framework of the Commission report on the system of own resources.

Agriculture

1. Existing stabilization mechanisms will be reinforced and extended to other production sectors as set out in Annex I. They will take effect from the marketing year 1988/89. These measures should be accompanied by reinforced quality criteria.

2. Measures aimed at limiting supply directly by encouragement of temporary abandonment of land (set-aside) will be introduced in accordance with the principles set out in Annex II.
3. In view of the impact of such measures on farmers' income the measures can be accompanied by direct aids to income. Furthermore, optional Community arrangements for promoting the cessation of farming (early retirement) will be introduced (see Annex III).
4. Coordination between the different Structural Funds and between the Community and the Member States will aim at preserving the equilibrium of the rural world. The Commission is invited to submit specific proposals to the Council as soon as possible.
5. Community legislation to implement the agricultural stabilization mechanisms will be adopted immediately. The measure under point 2 will enter into force at the same time as the stabilization measures for cereals.
6. The statements given in Annex IV are adopted.

Special budgetary provisions

Two special budgetary headings will be created:

(a) **Set-aside and aids to income**

For these two forms of Community aid a ceiling of 600 million ECU will be set in 1992, 150 million ECU of which will be borne by the EAGGF Guarantee Section.

(b) **Programme for the modernization of Portuguese industry**

Together with the Portuguese authorities, the Commission has drawn up a modernization programme covering a period of five years from 1988 for a total amount of 1 000 million ECU. A special heading will be created for the additional part of this programme, i.e. 100 million ECU per year for five years (see the passage on the Structural Funds above).

Annex I

Stabilization measures

1. Arable crops

General guidelines

The Council agrees that the production of arable crops should be adjusted to the needs of the market.

Whereas the overall area under cultivation is more or less stable, production continues to increase largely due to increases in productivity.

As the crops are interchangeable, the Council agrees that a coherent support policy for all crops consistent with budgetary discipline must be pursued, bearing in mind that budgetary costs per hectare vary as between different crops.

In order to stabilize production as well as to ensure budgetary discipline, the Council agrees to introduce set-aside measures to supplement the stabilizing measures and other market policy measures.

In setting the guarantee thresholds for each three-year period the Council will be guided by the principles set out above.

2. Cereals

- (a) For the marketing years 1988/89, 1989/90, 1990/91 and 1991/92 the guarantee threshold will be set at 160 million tonnes.
- (b) At the beginning of each marketing year an additional co-responsibility levy (CL) of 3% maximum will provisionally be charged in order to keep expenditure on market management within the budgetary limits.
- (c) If at the end of the marketing year the guarantee threshold proves not to have been overshoot or to have been overshoot by less than 3%, the provisional CL will be entirely or partially reimbursed.
- (d) If the guarantee threshold has been overshoot, at the beginning of the next marketing year the intervention price will be reduced by 3% per year.
- (e) The basic CL (currently 3%) and the additional CL will be paid by the first buyer.

- (f) Small producers will be exempted from the basic and from the additional CL, in accordance with implementing provisions to be adopted by the Council on a proposal from the Commission as part of the 1988/89 farm price package.
- (g) The Council agrees that intervention for Italy, Spain, Greece and Portugal will open from 1 August and for the other Member States from 1 October.

Specific measures concerning intervention ('B' intervention) may be taken to allow for early harvests in the southern Community countries.

- (h) The Council notes the intention of the Commission to submit, in the framework of its price proposals for the 1988/89 marketing year, proposals on quality criteria for durum wheat.
- (i) The European Council requests the Commission to re-examine the operation of the intervention system and to submit an operational report to the Council. It takes note that the Commission intends to propose appropriate adjustments to the amount of the monthly cereals increases as part of its next farm price proposals.
- (j) The Council requests the Commission to examine what measures could be introduced for the utilization of cereals in compound feedingstuffs and to submit appropriate proposals in the context of the 1988/89 price-fixing.

3. Oilseeds and protein products

- (a) The annual guarantee thresholds for the marketing years 1988/89, 1989/90 and 1990/91 will be fixed as follows:
 - colza: 4,5 million tonnes (Community of Ten);
 - sunflower seed: 2,0 million tonnes (Community of Ten);
 - soya: 1,3 million tonnes (Community of Twelve);
 - protein products: 3,5 million tonnes (Community of Twelve).
- (b) To keep expenditure on market management within the budgetary limits, where the maximum quantity is exceeded, the institutional prices for the current marketing year will be reduced by 0,45% for each 1% overshoot for the first marketing year 1988/89 and, if production exceeds the figures in (a), by 0,5% for each 1% overshoot for the following marketing years, at the latest by:
 - 31 August for colza;
 - 30 September for sunflower seed;

- 31 October for soya;
- 31 August for protein products.

Aid will be paid provisionally until it is established whether the maximum quantity has been exceeded.

- (c) The Council asks the Commission to examine the possibility of introducing, in the oilseeds sector, a standard rate of aid to replace the present aid, and to report back to it.

4. Olive oil

Existing stabilizers will be maintained.

5. Cotton

Existing stabilizers will be maintained.

6. Sugar

Acceptance of the Commission proposals on stabilizers.

7. Wine

- (a) The Council agrees to make the compulsory distillation price truly deterrent in order to encourage application of the scheme set out under (c) below and undertakes to act as soon as possible on the Commission proposals along these lines.

The Council requests the Commission to examine the question of scales in greater detail.

- (b) The Council notes the Commission's intention to discontinue recourse to re-storage aid and gradually to reduce the volume of wine eligible for the special price support guarantee for long-term storage contract holders, with a view to phasing out the guarantee.
- (c) Regarding the reduction of production potential, the Council will implement the conclusions of the Dublin European Council in the following manner:
- by introducing, in the framework of the voluntary abandonment arrangements, a direct link on the level of each producer between the reduction in wine-producing potential (by means of areas according to yields) and distillation measures;
 - this link will materialize as partial or total exemption from compulsory distillation depending on reduction in wine-producing potential, without reducing the total volume of compulsory distillation to be accomplished.

The Council, acting on a proposal from the Commission, will adopt arrangements for applying the principles set out above.

In parallel, the present arrangements for grubbing-up will be amended by eliminating the constraints which restrict their efficiency. To this effect:

- the arrangements will apply to all areas and will not lead to limitations on replanting rights on residual areas;
- the administrative provisions relating to the payment of premiums will be strengthened.

This set of measures will replace the proposal on restriction of replanting rights.

8. Fruit and vegetables

- (a) The Council agrees that thresholds for quantities of fruit and vegetables eligible for intervention should be introduced; if the threshold is overrun, the basic and buying-in prices for the following marketing year will be reduced.

Decisions on the introduction of these thresholds will be taken by the Council on the basis of a proposal from the Commission, according to the situation on the markets concerned.

- (b) The Council points out that stabilization mechanisms have already been decided on for a number of products, firstly for tomatoes and most recently for satsumas, mandarins, clementines and nectarines.
- (c) Agreement on the Commission's policies on processed fruit and vegetables.

9. Tobacco

- (a) Within a maximum quantity of 385 000 tonnes fixed for a period of three marketing years, specific thresholds will be fixed for each of the varieties or groups of varieties listed in Annex IV to the annual Regulation fixing prices and premiums; these thresholds will be determined on the basis of criteria proposed by the Commission in its communication concerning the implementation of agricultural stabilizers.
- (b) If these specific thresholds are overrun, penalties will be as follows: within the limit of a cutoff of 5% for the first and 15% for the second and third marketing years, the intervention price and the premiums will be reduced by 1% for each 1% production overrun.
- (c) The Council asks the Commission to submit a study of the possible means of encouraging a contractual policy, accompanied, if appropriate, by suitable proposals.

10. Milk

- (a) Extension of the quota system for a period of three years until 31 March 1992.
- (b) Consequently, restrictions in the intervention arrangements concerning skimmed-milk powder and butter will be extended for the same period, i.e. until 31 March 1992. Article 4a of Council Regulation (EEC) No 857/84 of 31 March 1984 will also remain in force for the same period.
- (c) The suspension arrangements (5,5%) will remain in force until 31 March 1992, and compensation is fixed as follows:
 - 10 ECU for 1987/88;
 - 10 ECU for 1988/89;
 - 8 ECU for 1989/90;
 - 7 ECU for 1990/91;
 - 6 ECU for 1991/92.
- (d) The Commission will submit a report on the operation of the quota system to the Council before the end of the 1990/91 marketing year.

11. Sheepmeat and goatmeat

- (a) A guarantee threshold corresponding to the number of ewes in the Community in 1987 will be fixed, and a specific guarantee threshold will be fixed for Great Britain, linked with the application of the variable premium arrangements.
- (b) If the threshold is overrun, the basic price will be reduced by 1% for each 1% overrun, with a corresponding reduction in the derived prices.
- (c) External aspect: The Council takes note of the following points, submitted by the Commission, which should be taken into consideration when drawing up the brief:
 - (i) for non-member countries:
 - respecting import prices discipline;
 - effective restriction of import volumes;
 - commitments in particular on presentation, especially for refrigerated products;

(ii) for the Community:

- an additional reduction of the residual tariff (currently 10%);
- commitments on the effects of our reforms of the system, for example budgetary stabilizers;
- progressive increase in flexibility of the arrangements for sensitive areas.

The Council asks the Commission to submit, on that basis, draft terms of reference for negotiations with non-member countries as soon as possible.

- (d) The Council will re-examine the stabilization mechanism referred to above when adjusting the common organization of the market in this sector, and will also consider the external aspects and take market requirements into account.

At the same time, the Commission proposal to restrict the premium to a specified number of ewes will also be examined in this context.

Annex II

Withdrawal of land (set-aside)

The European Council agrees to adopt provisions to limit supply by withdrawing agricultural land from production.

The set-aside programme will be designed as follows:

1. The measures will be devised as a complement to market policy measures.
2. They will be compulsory for the Member State but optional for producers.
3. Regional exceptions to compulsory application will be possible for certain regions in which natural conditions or the danger of depopulation militate against a reduction in production. In the case of Spain, the exceptions may also relate on the basis of objective criteria to specific socio-economic circumstances, pursuant to the relevant Community procedures. In Portugal application of the set-aside arrangements will be optional during the transitional period.
4. The set-aside period is to be at least five years. Farmers will be given the possibility of termination after a minimum period of three years.
5. The set-aside is to be at least 20% of arable land used for cultivating products covered by a common market organization.

6. The premiums per hectare for areas set aside should compensate for the income lost by farmers.
7. The minimum level of the premium will be 100 ECU/ha and the maximum level 600 ECU/ha. With the Commission's agreement this premium may amount to 700 ECU/ha in exceptional cases.
8. Farmers setting aside 30% of their land will, in addition to the premium, be exempted from the basic and additional co-responsibility levy for 20 tonnes of cereals marketed.
9. The Community contribution to the premiums will be as follows:
 - for the first 200 ECU: 50%,
 - from 200 to 400 ECU: 25%,
 - from 400 to 600 ECU: 15%.
10. Member States may allow farmers the possibility of:
 - using the areas set aside in the form of fallow grazing by means of extensive cattle farming, and
 - converting production to lentils, chick peas and vetch.

The conditions for both measures have yet to be laid down.

The premiums will amount to approximately 50% of the amount granted for complete set-aside. The Community contribution to the premiums will be as follows:

- for the first 100 ECU: 50%,
- from 100 to 200 ECU: 25%,
- from 200 to 300 ECU: 15%.

The possibility of allowing fallow grazing and conversion will be introduced on a trial basis for three years. Within that time the Commission will report to the Council and submit any appropriate proposals.

11. The Community contribution will be financed 50% from the EAGGF Guarantee Section and 50% from the EAGGF Guidance Section.

Annex III

Cessation of farming (early retirement) and aids to incomes

1. The European Council agrees to introduce optional Community arrangements for promoting the cessation of farming (early retirement). It calls on the Council to take the necessary decisions on the basis of the Commission proposals together with the decisions on stabilizers and on set-aside by 1 April 1988.
2. As regards aids to incomes, the European Council refers to its conclusions of June 1987 and calls on the Council to take a decision on the matter by 1 July 1988.

Annex IV

A. Declaration of the European Council concerning Portugal

The European Council recognizes the special nature of the problems of Portuguese agriculture, which was acknowledged in the Act of Accession, and agrees that the application of the stabilization mechanisms will have to make allowance for this.

The European Council recognizes that the adjustments of the CAP which are in progress are going to create unforeseen difficulties which will make it necessary to strengthen the transitional arrangements contained in the Act of Accession, notably with regard to time limits, support and modernization.

The European Council asks the Commission to submit proposals which take the special nature of those problems into consideration and ensure that applying the stabilization mechanisms does not give rise to difficulties in achieving the harmonious integration of Portuguese agriculture into the Community as a whole, as provided for in the Act of Accession.

The Council will decide on the basis of Commission proposals before 1 April 1988.

B. Utilization of agricultural commodities in the non-food sector

The European Council requests the Commission to investigate all possibilities of increasing the utilization of agricultural commodities in the non-food sector and to submit proposals to that effect. The Commission will set priorities in this respect.

C. Trade policy aspects

The European Council requests the Commission to ensure, in the context of the Uruguay Round and having regard to the provisions of the GATT, that the Community's measures with respect to prices and quantities are taken into due consideration, and to insist that an appropriate solution should be found to problems arising in connection with imports of cereal substitutes, oilseeds and protein plants into the Community.

D. Interprofessional cooperation

The European Council takes note of the Commission's intention to draw up a report on inter-professional cooperation and to submit conclusions to the Council before 1 July 1988.

Annex V

Statement by the European Council

The European Council recalls the conclusions adopted by the OECD and the Venice summit on the need for a better adjustment of supply to demand through measures to enable the market to play a greater role.

It considers that the arrangements in force since 1984, and those it is adopting to control agricultural production and expenditure, meet these commitments and will achieve their full effect only if other world producers apply equivalent discipline.

It confirms in this respect the negotiating brief adopted by the Community under the Uruguay Round.

If this discipline were not shared, or if a non-member country failed to meet its international commitments and this caused serious repercussions on world markets, this situation would be regarded by the Council, on a proposal from the Commission, as justifying recourse to the provisions of the Treaty and in particular Articles 43, 113 and 203.

Session of the European Council

Hanover, 26 and 27 June 1988

Conclusions

Implementing the Single European Act

The European Council welcomes the constructive development of relations between the Community institutions in recent months and stresses the political importance of the inter-institutional agreement concluded between the Council, the Commission and the European Parliament.

It would appear necessary to associate the European Parliament more closely with the decisions of the Council at this stage of the full attainment of the internal market and the approach to European Union, not only in order to achieve a better institutional balance but also to enable Community decisions to be better understood by citizens of the Community.

1. Completion of the internal market

The European Council considers that this major objective set by the Single Act has now reached the point where it is irreversible, a fact accepted by those engaged in economic and social life.

The outcome of the studies conducted to evaluate the benefits of the single market confirm that its achievement offers the Community considerable potential for growth and for an increase in employment.

The European Council notes that over one-third of the measures programmed in the Commission's White Paper have now been agreed. The Council considers it particularly encouraging that decisions have been taken or are under way in strategic areas such as: full liberalization of capital movements, the mutual recognition of diplomas, the opening up of public contracts, insurance matters and road and air transport. The European Council noted that this progress was made possible by the full use of the voting procedures in the Single European Act.

The European Council emphasizes that progress towards the realization of the single market must be made in a balanced way; it will discuss in depth at its meeting in Rhodes the report provided for in the Single Act on the progress made towards meeting the 31 December 1992 deadline. It notes that by the end of 1988 the Commission will have submitted the bulk of the proposals provided for in its White Paper.

At its Brussels meeting in June 1987, the European Council agreed on a number of particularly important decisions to be taken in the course of the following 12 months. Those decisions have now been taken. The European Council has now agreed, in accordance with the schedule laid down in the White Paper, that decisions for the completion of the internal market should be taken as soon as possible, inter alia in the following fields: completion of the internal market in the areas of public contracts, banks and other financial services, the approximation of standards, and intellectual property.

The European Council agreed on the need to facilitate cooperation between enterprises throughout the Community and invites the Council to examine the Commission's memorandum on the European company statute and subsequent proposals to that effect.

As regards the extent to which harmonization in the area of taxation is necessary to ensure the establishment and functioning of the internal market in conformity with Article 99 of the Treaty, the European Council notes with satisfaction that the Council (Economics and Finance Ministers) is now engaged upon a serious examination of the Commission's proposals.

It also noted that the Commission would be reporting to the Council (Economics and Finance Ministers) on the problem encountered by Denmark regarding certain tax allowances.

In the context of the Directive on capital movements, the European Council stressed the importance of the decisions in the Council (Economics and Finance Ministers) on 13 June that the Commission would transmit to that Council before 31 December 1988 proposals aimed at eliminating or attenuating risks of distortion, evasion and fiscal fraud linked to the diversity of national systems for the taxation of savings and for controlling the application of these systems; and that the Council (Economics and Finance Ministers) would take a position on these proposals before 30 June 1989, bearing in mind that any Community decision on fiscal matters must be adopted by unanimity.

The European Council considered the situation in the audiovisual media. It agreed that it is urgently important for the Community that European production of audiovisual programmes reflecting the richness and diversity of European culture should attain a level more in line with broadcasting capacity in Europe. It calls on the Council (Cultural Affairs) to pay special attention to this matter. It felt that urgent consideration should be given to the possibility of creating a project in the audiovisual sphere. Attention should also be paid to proper coordination with the activities of the Council of Europe.

The internal market should not close in on itself. In conformity with the provisions of GATT, the Community should be open to third countries, and must negotiate with those countries where necessary to ensure access to their markets for Community exports. It will seek to preserve the balance of advantages accorded, while respecting the unity and the identity of the internal market of the Community.

The European Council underlines the importance in the context of progress towards the single market of sustained economic growth, the pursuit of technological cooperation, and the successful implementation of the Single Act provisions on cohesion.

2. People's Europe

The European Council underlined the importance of removal of obstacles to the free movement of persons. It also emphasizes the need for intensifying and widening cooperation between national administrations in close collaboration with the Commission in order to ensure effective measures to combat terrorism, drug abuse, and organized crime.

3. Social aspects

The European Council stresses the importance of the social aspects of progress towards the 1992 objectives.

It notes that, by removing the obstacles to growth, the large single market offers the best prospect for promoting employment and increasing the general prosperity of the Community to the advantage of all its citizens.

The European Council considers that the internal market must be conceived in such a manner as to benefit all our people. To that end it is necessary, besides improving working conditions and the standard of living of wage earners, to provide better protection for the health and safety of workers at their workplace. It emphasizes that the measures to be taken will not diminish the level of protection already attained in the Member States. It welcomes the initiatives already taken on the basis of provisions in the Treaty and in particular in Article 118a, and requests the Commission and the Council to continue in this direction.

The European Council considers that the achievement of the large market must go hand in hand with improved access to vocational training, including training linked with work, in all the Member States. In this connection it expressed the wish that the conditions be met for mutual recognition of qualifications. It emphasizes the importance of informing and consulting management and labour throughout the process of achieving the single market. With that in mind, the European Council requests the Commission to step up its dialogue with management and labour, paying special attention to the provisions of Article 118b of the Treaty. The Commission will make a comparative study about rules applied in the various Member States concerning working conditions.

4. Protection of the environment

The European Council expressed its concern about the danger to the environment in general and in particular that caused by the pollution of air and water. It noted the recent positive results of the work of the Council (Environment) and invited the Commission and the Council to intensify efforts to improve the means to combat and prevent air and water pollution. It welcomed the conclusions adopted at the Toronto world economic summit on 21 June 1988. The concept that environmental considerations must be integrated into all areas of economic policy-making is in conformity with the environmental objective of the Single European Act. The European Council invited the Commission to prepare proposals for concrete measures to implement the Community's contribution to the international cooperation referred to in Toronto.

5. Monetary union

The European Council recalls that, in adopting the Single Act, the Member States confirmed the objective of progressive realization of Economic and Monetary Union.

They therefore decided to examine at the European Council meeting in Madrid in June 1989 the means of achieving this union.

To that end they decided to entrust to a committee the task of studying and proposing concrete stages leading towards this union.

The committee will be chaired by Mr Jacques Delors, President of the European Commission.

The Heads of State or Government agreed to invite the presidents or governors of their central banks to take part in a personal capacity in the proceedings of the committee, which will also include one other Member of the Commission and three personalities designated by common agreement by the Heads of State or Government. They have agreed to invite:

- Mr Niels Thygesen, Professor of Economics, Copenhagen;
- Mr Lamfalussy, Director-General of the Bank for International Settlements in Basle, Professor of Monetary Economics at the Catholic University of Louvain-la-Neuve;
- Mr Miguel Boyer, President of Banco Exterior de España.

The Committee should have completed its proceedings in good time to enable the Ministers for Economic Affairs and for Finance to examine its results before the European Council meeting in Madrid.

Presidency of the Commission

The European Council, after consultation of the President and the enlarged bureau of the European Parliament, agreed to renew the mandate of Mr Jacques Delors as President of the Commission.

European political cooperation

1. East-West relations

The European Council noted that East-West relations had moved into a more dynamic phase. In this process the Twelve are determined to continue to play an active role. They welcomed the evidence of the Moscow summit that a climate of increased confidence and cooperation has now been established in US-Soviet relations.

The Twelve are encouraged by the recent progress in arms control and disarmament. They stress their willingness to work for further progress in the current and future negotiations with a view to achieving stability at a lower level of arms. The principle of asymmetrical reductions and stringent verification provisions laid down in the INF Treaty establishes a valuable precedent.

The Twelve also look for continuing progress towards the peaceful resolution of regional conflicts, universal respect for fundamental human rights, and the free exchange of people and ideas.

The European Council welcomes the more outward-looking attitude now being shown by Eastern European countries in their economic contacts with the West, as witnessed by the establishment and development of relations with the Community. This should be encouraged as contributing to the wider opening up of their economies and societies. The East-West economic conference proposed by the Twelve at the Vienna CSCE follow-up meeting will also serve that purpose.

The European Council calls upon other CSCE participating States to join in an effort to conclude the Vienna meeting with a substantive and balanced document permitting significant progress in all areas, in particular in the human dimension. The draft concluding document proposed by the neutral and non-aligned States on 13 May offers a suitable basis to elaborate such a document. A successful conclusion of the Vienna meeting will make possible an early start of negotiations on conventional stability in Europe, the key issue of European security, aiming at the establishment of a stable and secure balance of conventional forces in Europe at a lower level, and on a further set of security and confidence-building measures, as well as other follow-up proposals supported by the Twelve.

2. Afghanistan

The European Council calls upon all concerned to implement fully the peace process set out by the Geneva agreements on Afghanistan. It expects the Soviet Union to complete the withdrawal of its troops in accordance with these agreements. It supports all efforts to establish a representative government formed in a process of self-determination in which the Resistance have a full part to play.

The European Council declares the readiness of the Community and its Member States to provide humanitarian assistance under the programme to be carried out by the UN coordinator, NGOs and the ICRC in favour of the voluntary repatriation and resettlement of the refugees and displaced persons.

The Community and its Member States are also prepared to provide reconstruction assistance for Afghanistan after the formation of a representative government and the establishment of internal peace.

3. Middle East

The European Council expressed its concern at the increase in tension in the Middle East. The status quo in the Occupied Territories cannot be sustained. On the basis of their established positions the Twelve will continue to work towards the early convening, under UN auspices, of an international peace conference, which is the suitable framework for the necessary negotiations

between the parties directly concerned, and is essential to bring about a comprehensive, just and lasting peace in the region. The Twelve will support all initiatives to this end.

The continuation of the war between Iraq and Iran endangers the security and stability of the entire region. The Twelve deplore that, nearly one year after its unanimous adoption by the UN Security Council, Resolution 598 has not yet been implemented. They will continue to support the efforts of the UN Secretary General to secure its early and full implementation. The Twelve condemn the use of chemical weapons and renew their commitment to uphold the principle of freedom of navigation in the Gulf.

The Twelve remain deeply preoccupied by the situation in Lebanon. They confirmed the importance they attach to the orderly and legal conduct of the forthcoming presidential election. They also recalled their support for Unifil and reiterated their strong appeal for the immediate release of all hostages still being held in Lebanon.

The European Council welcomed the recent signature of the cooperation agreement with the Gulf Cooperation Council and the intensification of relations with its members. It also welcomed the recent 'troika' meeting in the Euro-Arab dialogue and hoped this would lead to increased productive cooperation.

4. South Africa

The European Council noted with great concern that relations between the Twelve and South Africa run the risk of being worsened even further. In this respect it urged that all legal options available in South Africa, including, if necessary, the grant of clemency by President Botha, should be used to prevent the death penalty from being carried out against the Sharpeville Six.

On 18 July, Nelson Mandela will mark his 70th birthday. The European Council strongly appeals to the South African authorities to free him and all other political prisoners.

The European Council confirmed that the enactment of the proposed bill designed to deprive anti-apartheid organizations, striving for peaceful change, of financial support from abroad would place additional strain on the relations of the Twelve with South Africa.

5. Southern Africa

The Twelve recalled their established position concerning Namibia and supported the current efforts to secure peace for Angola and independence for Namibia on the basis of UN Security Council Resolution 435.

6. Latin America

The European Council discussed the situation in Latin America and underlined the fundamental importance of the rule of democracy and the normal functioning of democratic institutions as a key factor for stability in the subcontinent. The continuity of the peace process in Central America is essential for achieving peace, justice and the observance of human rights in the whole region. The Twelve remain determined to provide continued support for this process.

Session of the European Council

Rhodes, 2 and 3 December 1988

Conclusions

The European Council examined the prospects for the future development of the European Community and its place in the world on the basis of the experience acquired to date in the implementation of the Single European Act. Particular attention was given to the progress made in establishing the single market and developing accompanying policies to strengthen economic and social cohesion, bearing in mind at the same time the beneficial changes which have taken place in the world and especially in East-West relations. The European Council notes with particular satisfaction that the decisions adopted with a view to making a success of the Single European Act, which are now being implemented, have already contributed to the creation of favourable conditions for the smooth, steady and dynamic development of the Community as it moves towards 1992.

On the eve of the European elections in 1989, the European Council emphasizes the indispensable role of the European Parliament in the process of European unification. It welcomes the constructive contribution of the European Parliament to the attainment of the objectives of the Single Act, which is a positive factor for cooperation between the institutions in future.

Establishment of the large market

The European Council took note of the report submitted by the Commission under Article 8b of the Single Act. The European Council notes with satisfaction that at the half-way stage towards the deadline of December 1992 half of the legislative programme necessary for the establishment of the large market is already nearly complete. This confirms, if such confirmation were necessary, the irreversible nature of the movement towards a Europe without internal frontiers in accordance with Article 8a of the Treaty and bears witness to the will of the Community bodies to complete the task by the deadline set. The European Council notes that the process of completing the internal market has already created a new dynamism in the European economy by contributing to economic adjustment and an increase in growth rates.

The European Council would point out that the creation of the large market forms a whole and that maintenance of an overall approach is one of the conditions for success. It is therefore necessary to make progress in a balanced and coordinated fashion in all areas (free movement of goods, services and capital, free movement of persons) and to ensure that the appropriate harmonization or approximation is carried out where necessary.

The pace of work must be stepped up in future, because if account is taken of the time needed to transpose Community law into national legislation the Council in fact has only two years in which to meet the 1992 objective.

The European Council expects the Council rapidly to complete adoption of the texts completing the internal market in the priority areas identified by the European Council last June: public contracts, banking and financial services, and the approximation of technical standards and intellectual property. At the same time, the European Council urgently appeals to the Council to step up its efforts in all areas where progress has not been so rapid. This applies particularly to transport and energy, animal and plant health controls and the free movement of persons. The European Council is aware that, in the latter area, the achievement of the Community's objectives, especially the area without internal frontiers, is linked to progress in intergovernmental cooperation to combat terrorism, international crime, drug trafficking and trafficking of all kinds. This cooperation will be stepped up in order to achieve rapid and concrete results which will enable the Community, for its part, to take the necessary measures to turn Europe into a tangible reality for its citizens. To this end each Member State will appoint a person responsible for the necessary coordination.

With regard to the approximation of taxation in accordance with Article 99 of the Treaty, the European Council expresses the wish that the contacts taken up with Governments at the initiative of the Commission, and its proposals, will permit a convergence of views and it calls on the Council to speed up its work so that tax measures, to the extent that they are necessary for the establishment and operation of the internal market, can be adopted in accordance with the timetable set.

Social dimension

The European Council considers that progress in implementing the provisions of the Single European Act on the completion of the internal market must be accompanied by progress in implementing its provisions on social policy, in particular Articles 118a and 118b, and by the strengthening of economic and social cohesion.

The Presidency drew the European Council's attention to the memorandum which it had circulated on this subject before the beginning of the Presidency.

Completion of the single market cannot be regarded as an end in itself; it pursues a much wider objective, namely to ensure the maximum well-being of all, in line with the tradition of social progress which is part of Europe's history.

This tradition of social progress should be a guarantee that all citizens, whatever their occupation, will have effective access to the direct benefits expected from the single market as a factor of economic growth, and as the most effective means of combating unemployment.

The European Council notes that a start has already been made on applying the Single European Act and the guidelines deriving therefrom.

The European Council welcomes the progress made with the framework Directive on health and safety at the workplace and calls on the Council to complete the establishment of this important aspect of the Community's social action without delay.

The European Council would give a reminder of the increasing importance attaching to the systematic pursuit of a constructive dialogue between management and labour at Community level, in accordance with Article 118b of the Treaty. The aim of this dialogue should be the active involvement of both sides of industry in completion of the large market.

The European Council meeting in Hanover asked the Commission to carry out a comparative study of Member States' legislation on working conditions. The European Council notes that that study, which should enable the common 'acquis' in this area to be identified, is in progress.

As regards implementation of social rights, the European Council awaits such proposals as the Commission might consider useful to submit having drawn inspiration from the social charter of the Council of Europe.

The European Council emphasizes that the Community's action should contribute towards putting the available human resources to the best use and towards the preparation of change and future technical adjustments. Reform of training schemes, including continuing vocational training, will be a determining factor in achieving these objectives.

The European Council requests the Council to examine the above proposals with a view to taking, in the course of 1989, the necessary decisions to guide Member States' action on social matters in relation with the large market.

Associated policies

The European Council recalls that a significant number of Community policies or projects are contributing, directly or indirectly, towards completion of the internal market or are linked to it in one way or another. It accordingly invites the Council to ensure that the necessary progress is made in various sectors covered by the Single Act (structural policies, research and technology, cooperation on economic and monetary policy) in order that, in due course, all the conditions enabling the Community to derive every possible benefit from the large market may be brought about.

In connection with structural policies, the European Council notes with satisfaction that all the legislative texts on the reform of the various Funds (ERDF, Social Fund, EAGGF Guidance) will be adopted by the end of the year, so that they will be operational from 1989.

The European Council calls on the Commission to supplement its analysis of the macro-economic consequences of the internal market as regards its regional impact.

In regard to economic and monetary policy, the European Council is aware that this sector has both a direct and an indirect impact on the completion of the internal market. In this connection, it attaches particular importance to the work undertaken, at its request, by the Delors Committee on the concrete stages leading towards economic and monetary union and to the conclusions to be drawn therefrom at the forthcoming European Council meeting in Madrid.

Environment

The European Council notes that efforts are actively being pursued at various levels and in different forums with a view to responding to ever-increasing concern over the threats to the environment; in this connection, the Council expresses satisfaction at the important decisions taken by the recent Environment Council.

The European Council considers that protection of the environment is a matter of vital significance to the Community and to the rest of the world, and urges the Community and the Member States to take every initiative and all essential steps, including at international level, in accordance with the fundamental lines of the statement set out in Annex I. The European Council emphasizes the special importance of cooperation in this area with other European countries, i.e. both EFTA countries and East European countries.

Transport infrastructures

The European Council considers that the creation of major transport infrastructures is one method of speeding up the unification of the European economic area.

It has noted with interest the ideas put forward by the Commission on the subject. It requests the Council to consider with the Commission possibilities in this area. In the meantime it calls on the Council to adopt measures before the end of the year within the limit of the appropriations provided for that purpose in the budget.

Islands

The European Council recognizes the particular socio-economic problems of certain island regions in the Community. It therefore requests the Commission to examine these problems and submit, if appropriate, any proposals which it deems useful, within the financial possibilities offered by the Community's existing policies as they have been decided.

Audiovisual Europe

The European Council pointed out that it is extremely important to strengthen efforts, including cooperation to develop Europe's audiovisual capacity, whether with regard to the free movement of programmes, the promotion of the European high-definition television system or to a policy of encouraging creativity, production and broadcasting so as to provide an opportunity of demonstrating the richness and diversity of European culture. The European Council considers it important that the Community's efforts should be deployed in a manner consistent with the Council of Europe Convention.

The European Council requests the Council to speed up work on the 'television without frontiers' Directive. It noted that the Commission will adapt the proposal in the light of the Council of Europe Convention.

The European Council received with great interest the communication from the French Government set out in Annex II, and endorsed the convening next spring of a meeting which will bring together all the parties concerned in the audiovisual sector in the Community, and also outside the Community, and, on the basis of the experience with Eureka, will seek to encourage the emergence of a truly European audiovisual market.

These proposals will contribute to a substantial strengthening of a European cultural identity and will be discussed at Community level, and in cooperation with the other countries in Europe.

International role of the European Community

- Reaffirming its commitment to achieve concrete progress towards European unity on the basis of the Single European Act,
- determined to strengthen and expand the role of the European Community and its Member States on the international political and economic stage, in cooperation with all other States and appropriate organizations, and
- aware that the completion of the internal market in 1992, which is already inspiring a new dynamism in the Community's economic life, will equally affect the Community's political and economic role in the world,

the European Council reaffirms that the single market will be of benefit to Community and non-Community countries alike by ensuring continuing economic growth. The internal market will not close in on itself. 1992 Europe will be a partner and not a 'fortress Europe'. The internal market will be a decisive factor contributing to greater liberalization in international trade on the basis of the GATT principles of reciprocal and mutually advantageous arrangements. The Community will continue to participate actively in the GATT Uruguay Round, committed as it is to strengthen the multilateral trading system. It will also continue to pursue, with the United States, Japan and the other OECD partners, policies designed to promote sustainable non-inflationary growth in the world economy.

The Community and its Member States will continue to work closely and cooperatively with the United States to maintain and deepen the solid and comprehensive transatlantic relationship. Closer political and economic relations with Japan and the other industrialized countries will also be developed. In particular, the Community wishes to strengthen and to expand relations with EFTA countries and all other European nations which share the same ideals and objectives. Open and constructive dialogue and cooperation will be actively pursued with other countries or regional groups of the Middle East, the Mediterranean, Africa, the Caribbean, the Pacific, Asia and Latin America, with special emphasis on interregional cooperation.

The European Council emphasizes the need to improve social and economic conditions in less-developed countries and to promote structural adjustment, both through trade and aid. It also recognizes the importance of a continuing policy to tackle the problems of the highly indebted countries on a case-by-case basis. It looks forward to the successful conclusion of the negotiations for the renewal of the Convention between the European Community and its 66 African, Caribbean and Pacific partners during the coming year.

The European Community and its Member States are determined to play an active role in the preservation of international peace and security and in the solution of regional conflicts, in conformity with the United Nations Charter. Europe cannot but actively demonstrate its solidarity with the great and spreading movement for democracy and full support for the principles of the Universal Declaration on Human Rights. The Twelve will endeavour to strengthen the effectiveness of the United Nations and to actively contribute to its peacekeeping role.

Against the background of improved East-West relations, the European Council welcomes the readiness of the European members of the CMEA to develop relations with the European Community and reaffirms its willingness to further economic relations and cooperation with them, taking into account each country's specific situation, in order to use the opportunities available in a mutually beneficial way.

The European Council reaffirms its determination to act with renewed hope to overcome the division of our continent and to promote the Western values and principles which Member States have in common.

To this effect, we will strive to achieve:

- full respect for the provisions of the Helsinki Final Act and further progress in the CSCE process, including an early and successful conclusion of the Vienna follow-up meeting;
- the establishment of a secure and stable balance of conventional forces in Europe at a lower level, the strengthening of mutual confidence and military transparency and the conclusion of a global and verifiable ban on chemical weapons;
- promotion of human rights and fundamental freedoms, free circulation of people and ideas and the establishment of more open societies; promotion of human and cultural exchanges between East and West;
- the development of political dialogue with our Eastern neighbours.

The European Community and the Twelve are determined to make full use of the provisions of the Single European Act in order to strengthen solidarity among them, coordination on the political and economic aspects of security, and consistency between the external policies of the European Community and the policies agreed in the framework of European political cooperation. They will strive to reach swift adoption of common positions and implementation of joint action.

The European Council invites all countries to embark with the European Community as world partner on an historic effort to leave to the next generation a continent and a world more secure, more just and more free.

Annex I

Declaration on the environment

Today's world is confronted by environmental problems of increasing magnitude. In the interests of sustained growth and a better quality of life, it is urgent to find solutions to such global issues as the depletion of the ozone layer, the rise in the temperature of the earth's atmosphere (the 'greenhouse' effect), threats to the natural environment, the problem of water resources, soil erosion, safe management of toxic chemicals and waste, air pollution, particularly 'acid rain', and problems of urban areas. Effective action will in many cases require better scientific research and understanding.

The goals of environmental protection laid down for the Community have recently been defined by the Single European Act. Some progress has been made in reducing pollution and in ensuring prudent management of natural resources. But these actions by themselves are not enough. Within the Community, it is essential to increase efforts to protect the environment directly and also to ensure that such protection becomes an integral component of other policies. Sustainable development must be one of the overriding objectives of all Community policies.

The expected achievement of the single market by 1992 and the accompanying economic growth offers both a challenge and an opportunity. Europe's industrial future and international competitiveness will depend in part on applying the high level of environmental protection foreseen in the Treaty. Special attention needs to be devoted to the seas and coastal regions of the Member States, which are of outstanding importance from the economic and ecological standpoint, particularly the Mediterranean region, the North Sea and the Irish Sea. The Community should redouble its efforts to protect these vital resources.

In the wider international context, the Community and the Member States are determined to play a leading role in the action needed to protect the world's environment and will continue to strive for an effective international response, particularly to such global problems as depletion of the ozone layer, the greenhouse effect and the ever-growing threats to the natural environment, thus contributing to a better quality of life for all the peoples of the world.

Annex II

Audiovisual Eureka

Eight proposals for Rhodes

For the promotion, experimentation and development of high-definition television

The European standard and the European high-definition television system successfully demonstrated in Brighton on 23 September 1988 create a basis for the future of the European audiovisual industry. The Community should therefore work effectively and with determination to promote the said system among the other European States, notably those in Eastern Europe.

To this end, encouragement and support should be given to the Commission's initiative in creating a European Economic Interest Grouping (EEIG) whose task is, in particular, to devise the technical means whereby the European standard can be demonstrated and promoted. A demonstration will be organized at the next European Council in Madrid, in June 1989, and at the summit of the seven industrialized countries in July 1989.

Outstanding cultural or sporting events (for example the 1992 Olympic Games) will be filmed with equipment using the European-standard digital-component system. These too will provide an opportunity for demonstrating the high-definition system.

Towards a European audiovisual area

To give practical shape to the European audiovisual Eureka initiative, a conclave will be held next spring, bringing together interested States and professionals concerned (public and private-sector broadcasters and producers, writers, directors, advertisers, etc.). This 'European audiovisual conclave' will be intended primarily for the Community, its Member States and the Commission; but it will also be open to other European countries, including Eastern European ones, according to arrangements to be worked out and in the same spirit as presided over the launch of technological Eureka in 1985. France is prepared to organize and host this conclave.

With this end in view, each interested State and the Commission will appoint a head for audiovisual Eureka at the earliest opportunity. The tasks of these representatives will be to conduct all necessary consultations with persons working in this field and to affirm the ambition of audiovisual Eureka, which is to encourage the emergence of a strong European audiovisual market and foster the development of common policies for the purchase and production of programmes among both public and private-sector TV channels.

It will be necessary to mobilize the appropriate resources in support of public and private initiatives. France stands ready to provide substantial specific financing.

Initiatives taken by the Commission (such as the Media plan) should be pursued and encouraged. France would like them to be extended to include the production and exchange of documentaries, school and university television programmes, and news magazines.

Filming of a major European work will start in 1989.

European political cooperation

East-West relations

Within the framework of East-West relations, the European Council had an in-depth discussion of the overall relations with the Soviet Union and the countries of Eastern Europe based on various contributions concerning the political and economic fields. Ministers for Foreign Affairs have been entrusted with ensuring the necessary follow-up.

The European Council has approved a paragraph on East-West relations, to be included in the text of a declaration on the international role of the European Community and its Member States, which it has decided to make public at the end of its meeting in Rhodes.

Middle East

Arab-Israeli conflict

The European Council had a thorough discussion on the situation in the Middle East. It reaffirmed the positions expressed by the Ministers for Foreign Affairs in their declaration of 21 November 1988, as well as in the declaration of 30 November 1988.

Lebanon

The European Council reaffirmed the importance it attaches to the election of a President of the Lebanese Republic.

It supports the efforts which the Lebanese are currently undertaking in order to search for a consensus which constitutes the condition for the maintenance of the sovereignty, independence and territorial integrity of Lebanon.

The European Council considers it essential that the international community continues to demonstrate an active interest in Lebanon and in the election of the President.

It expresses the view that the United Nations could in particular, if that would be useful, contribute to the satisfactory holding of the presidential election.

Cyprus

The European Council had a discussion on the Cyprus problem. It acknowledged the fact that the tragic division of the island remains unchanged and reaffirmed the previous declarations of the Twelve, which support without any reservation the independence, sovereignty, territorial integrity and unity of Cyprus.

While expressing its satisfaction at the resuming of the inter-communal dialogue, the European Council expressed the wish that this dialogue should progress and lead rapidly to a solution of the problem on the basis of the above principles and the relevant UN resolutions.

Session of the European Council

Madrid, 26 and 27 June 1989

Conclusions

The European Council, meeting in Madrid, reviewed the situation and the prospects for progress towards European Union.

The European Council welcomed the vigorous turn taken by European cooperation, which had been given a fresh boost by the Single Act, as demonstrated by the Community's greater role in international affairs. The completion of the internal market and the strengthening of economic and social cohesion were the priority objectives of this new chapter in the history of the Community. It also noted the progress made by the Twelve as a result of increasing involvement in world affairs and greater consistency between Community objectives as such and political cooperation.

The third elections to the European Parliament by direct universal suffrage, which took place between 15 and 18 June, likewise bore witness to the consolidation of European integration. The European Council considered that the implementation of the provisions of the Single Act had led to a real and appreciable increase in the Parliament's contribution to the Community legislative process. This contribution was now embodied in effective cooperation between Parliament, Commission and Council, developing in a climate of mutual trust. In this connection the European Council heard a report by the outgoing President, Lord Plumb, to whom it paid special tribute. The European Council noted the broadly positive conclusions arrived at by the President of the European Parliament regarding the state of inter-institutional cooperation and the means of improving it. In this context, it would be desirable for the various Community institutions to analyze their respective post-1992 roles.

The Community and European political cooperation were currently engaged in an ambitious work programme involving the complete and balanced implementation of the Single Act.

Implementation of the Single Act

Internal market

Completion of the internal market

The European Council noted that the forward thrust in achievement of the internal market was making an ever-increasing contribution to expansion and improvement in the employment situation. This thrust had hitherto resulted mainly from the decisions taken to remove technical barriers to trade. It was now necessary to make similar progress towards the elimination of physical and fiscal obstacles with a view to achieving an area without internal frontiers by 31 December 1992, in accordance with the provisions of Article 8a of the Single Act.

The growing rate at which decisions were being taken means that well over half the measures listed in the White Paper had been adopted. The Council recalled certain priority fields identified at its meetings in Hanover and Rhodes and welcomed the fact that important decisions had been taken in the areas of public contracts, banking and financial services, the approximation of technical standards and transport. However, it noted that there were still decisions to be taken in these priority fields, including transport, in particular cabotage, and asked the Council to intensify its work in these sectors.

The European Council invited the Commission to submit to the Council the remaining proposals provided for in the White Paper at the earliest opportunity, and expected the Council to finalize adoption, as quickly as possible, of the instruments that would permit the completion of the internal market.

Fraud

The European Council emphasized the need for firm action to tackle the problem of fraud to the detriment of the Community budget.

It welcomed the very substantial progress already achieved in combating fraud by Member States taking part in the Commission's action plan approved by the Council (Economic and Financial Affairs) on 19 June.

It invited the Council to decide as soon as possible on the various proposals for regulations to combat fraud which had been submitted to it by the Commission.

Taxation

The European Council was concerned at the delay in finding a solution to the problem of the taxation of savings and stressed the need to ensure that the liberalization of capital movements did not facilitate tax fraud. The European Council asked the Council to increase its efforts to find a satisfactory solution to the problems of taxation of savings in order to reach an agreement before 1 July 1990.

The European Council welcomed the fact that detailed discussions had now begun in the field of the approximation of indirect taxation on the basis of the new approaches proposed by the Commission and taking account of the Member States' suggestions, and that a procedure for the continuation of those discussions had been laid down. The European Council emphasized the need to reach agreement on the broad lines of a solution in this area before the end of the year, having regard to all the problems involved, in order to ensure that the internal market came into operation on schedule.

Audiovisual production

The European Council considered it vital that further efforts be made to strengthen all areas of Europe's audiovisual production capacity, as requested at its meeting in Rhodes. That implied the Community's technological presence, the free movement of programmes with due regard to cultural diversity, and the promotion of European production.

The European Council noted the substantial progress made in this field with the adoption of a decision on high-definition television. In view of the above, it invited the Council to continue work on the directive on the free movement of television signals, with a view to adopting it within the time limit laid down in the procedure for cooperation with Parliament. The European Council hoped that the forthcoming Audiovisual Conclave would be successful.

Free movement of persons

In accordance with the Rhodes European Council's decision, the Coordinators Group has drawn up a report (the 'Palma document') on the measures needed in different fields in order to achieve progress towards the effective freedom of movement of persons within the Community.

The European Council, feeling that free movement of persons was a priority for 1992, endorsed that document's conclusions, which were largely based on the approach and methods employed in the White Paper on the completion of the internal market, which were of proven effectiveness in this context. It instructed the Coordinators Group, at the instigation of the Council (General Affairs), to spare no effort to ensure that the programme of work proposed in the Palma document was completed as planned.

Social dimension

The European Council considered that, in the course of the construction of the single European market, social aspects should be given the same importance as economic aspects and should accordingly be developed in a balanced fashion.

The European Council reaffirmed its Hanover and Rhodes conclusions on the achievement of the internal market as the most efficient method of creating jobs and ensuring maximum well-being for all Community citizens. Job development and creation must be given top priority in the achievement of the internal market. In this way the Community should create five million jobs between 1988 and 1990.

The European Council noted with satisfaction that the aims of Article 118a were being fulfilled by the adoption of important directives on the safety and health of workers, leading to an improvement in the quality of the working environment.

The European Council stressed that making the most of human resources through training was a fundamental aspect of economic and social development; it noted the agreement reached on continuing vocational training. The European Council called upon the Commission, the Council and both sides of industry to expedite the ongoing work with a view to obtaining as soon as possible the mutual recognition of qualifications, full occupational mobility and the implementation of both priority objectives decided upon by the Community Council in Brussels in February 1988, namely the integration of young people into working life and combating long-term unemployment.

The European Council noted with interest the progress made in the social dialogue at Community level pursuant to Article 118b of the Treaty. The internal market must be achieved in a climate of close cooperation between employers and workers so that economic and technical changes take place in a socially acceptable manner. To this end, social achievements must be preserved and economic and social cohesion strengthened.

The European Council also took note of the comparative study on national social legislation which it had requested from the Commission in Hanover. It considered that an analysis of the similarities and differences contained in the study would greatly assist the current discussions.

The European Council noted that at the Council meeting (Social Affairs) on 12 June the Commission had submitted a preliminary draft Community Charter of Fundamental Social Rights on which an initial debate had been held, leading to the draft conclusions set out in Annex I and accepted by 11 delegations.

The Council will continue its discussions with a view to adopting the measures necessary to achieve the social dimension of the single market, taking account of fundamental social rights. For this purpose the role to be played by Community standards, national legislation and contractual relations must be clearly established.

The Council, after consulting both sides of industry, should state its position on this work programme prior to the next meeting of the European Council.

Environment

The European Council welcomed the stepping-up of the Council's activity during the past six months and emphasized in particular the importance of the measures adopted in the areas of ozone layer protection, the greenhouse effect, pollutant emissions from small cars and forestry policy.

Conscious of its responsibilities in the face of threats on a global scale (climatic changes, deforestation, desertification, etc.), the European Council considered that the Community had an essential role to play in the protection of the environment, both by means of its internal legislation and by its active contribution to all the initiatives taken at international level.

As part of a global environment policy, including the fight against desertification, erosion and deforestation, the European Council called upon the Commission to submit a programme for the protection of the environment in the regions of the Community affected by these problems.

At the request of the Chancellor of the Federal Republic of Germany, the European Council discussed the vital contribution of tropical forests to the stability of the world's climate and to the

preservation of the earth's genetic resources. Aware of the special responsibility of the industrialized countries for maintaining the balance of nature worldwide, the European Council expressed the wish that these questions be dealt with in close collaboration with the countries concerned.

The European Council took note of the recent Commission proposal for the creation of a European Environment Agency open to European countries with the object of providing the bases for the scientific evaluation of ecological problems. It called upon the Council to examine this proposal at the earliest opportunity.

Research and development

Given the progress achieved in the implementation of the framework programme of Community action, together with the work already started by the Commission and the Council on reviewing it, the European Council took note of the Commission's intention to submit a new framework programme for the period 1990 to 1994.

This review must provide the occasion to give fresh impetus to action by the Community in this area, which is of capital importance in strengthening the scientific and technological bases of European industry as a whole and increasing its international competitiveness.

Economic and monetary union

The European Council restated its determination progressively to achieve economic and monetary union as provided for in the Single Act and confirmed at the European Council meeting in Hanover. Economic and monetary union must be seen in the perspective of the completion of the internal market and in the context of economic and social cohesion.

The European Council considered that the report by the Committee chaired by Jacques Delors, which defines a process designed to lead by stages to economic and monetary union, fulfilled the mandate given in Hanover. The European Council felt that its realization would have to take account of the parallelism between economic and monetary aspects, respect the principle of subsidiarity and allow for the diversity of specific situations.

The European Council decided that the first stage of the realization of economic and monetary union would begin on 1 July 1990.

The European Council asked the competent bodies (the Council (Economic and Financial Affairs, and General Affairs), the Commission, the Committee of Central Bank Governors and the Monetary Committee):

- to adopt the provisions necessary for the launch of the first stage on 1 July 1990;
- to carry out the preparatory work for the organization of an intergovernmental conference to lay down the subsequent stages; that conference would meet once the first stage had begun and would be preceded by full and adequate preparation.

People's Europe

The European Council considered that, despite the results achieved on certain key dossiers of a people's Europe, progress had been inadequate. It requested the Council and the Commission to take stock of progress in that area and to be taken. The Council will report back to the next European Council meeting.

External relations

In keeping with the Rhodes Declaration on the international role of the European Community, the European Council reviewed developments in relations between the Community and a number of its partners.

- The European Council noted with satisfaction the progress made in cooperation with the EFTA countries following the summit of Heads of Government in Oslo and the joint meeting of Ministers for Foreign Affairs, which were held in March. In this context it emphasized the importance which it attached to the rapid identification of the best ways of developing these relations in a more structured way. It hoped to be apprised at its first meeting of concrete results obtained in the meantime in this area.
- The European Council noted that satisfactory progress had been made in establishing an appropriate policy towards the East European countries ensuring consistency between Community policies and those agreed within political cooperation, in accordance with Article 30 (5) of the Single Act. In this context, it noted the progress made towards the conclusion of trade and cooperation agreements with a number of those countries, at the same time emphasizing the common will to contribute to the efforts made, by Poland and Hungary in particular, to open up their economies and put them back on a sound footing.
- The European Council restated the importance it attached to the successful conclusion of the multilateral negotiations under the Uruguay Round, which should make it possible to set up an international system able to meet the challenge arising on a world scale not only for trade in goods but also for services, for the protection of intellectual property and for action on the special situation of the developing countries. It reaffirmed the Community's determination to oppose any recourse to unilateral measures which might jeopardize such an international system.
- The European Council reaffirmed its commitment to a close and comprehensive transatlantic relationship, and noted with satisfaction the cooperation relations which had already been established with the new United States administration.
- The European Council stressed the importance it attached to the consolidation of the long-established privileged links between the Community and the ACP

States. It welcomed the progress made in renegotiating the ACP-EEC Convention and called for the negotiations to be concluded by the end of the year.

- The European Council likewise confirmed the significance it attached to strengthening and extending relations with the countries associated with the Community.
- The European Council paid particular attention to examining the situation of middle-income countries facing the problem of indebtedness. Their situation was extremely worrying, especially in Latin America, where a solution to this problem was of particular importance for the consolidation and strengthening of democracy.

The European Council confirmed that the Member States of the Community had a responsibility to play an active part in finding realistic solutions, in the appropriate forums, given the historical links and the cultural and political affinities linking them with the countries in question.

The European Council and the Member States accordingly confirmed the conclusions reached by the Ministers at the meeting of the Council (Economic and Financial Affairs) in March and stressed the willingness of the Member States to consider solutions involving voluntary reductions in debt and debt servicing, case by case, with the participation of the IMF and the World Bank. It was, however, pointed out that some Member States had recently adopted global measures.

The European Council emphasized that it was not possible to delay a solution to this problem. It called upon commercial banks and debtor countries to evolve the practical mechanisms required for a solution to this matter, which posed serious economic and political problems.

The European Council took note of the Spanish proposal, summarized in Annex II, to set up a European Guarantee Fund for the purpose of ensuring a special European contribution to the strengthening and balance of the international effort in this area. This proposal will be examined by the Council (Economic and Financial Affairs).

Annex I

Draft conclusions of the Council

The Council discussed in depth the preliminary draft Community Charter of Fundamental Social Rights which the Commission submitted at this Council meeting.

The Council considered that the Commission's preliminary draft broadly echoed the opinion expressed by the Economic and Social Committee on 22 February 1989 and the European Parlia-

ment's resolution of 15 March 1989 and that it constituted a major contribution to achieving a social area.

The Council stated that in the context of the establishment of the European single market the same importance should be given to social aspects as was given to economic aspects and that they should consequently be developed in a balanced fashion.

The Council hoped that in further discussions both sides of industry would be involved in the examination of fundamental social rights and as broad a consensus as possible might be reached.

The Council stated that the European social area should comprise a set of sufficiently precise and legally binding rights, which must comply with the principle of subsidiarity and promote social dialogue.

The Council took the view that the Commission's preliminary draft contained, on the one hand, a list of rights which must be defined with the utmost precision and compliance with which must be guaranteed by the adoption of compulsory rules in keeping with the provisions of the Treaties and, on the other, a series of objectives which should be pursued in the context of the attainment of the European social area and which would have to be established by means of an action programme and common policies without prejudice, on either side, to the role conferred by the Single Act on relations based on agreement.

The Council considered that the fundamental social rights must be approved as soon as possible by means of a Solemn Declaration of the Heads of State or Government.

The Council invited the Commission immediately to set about formulating rules concerning fundamental rights and drawing up an action programme to achieve the social objectives, in accordance with the conclusions of the European Councils of Hanover and Rhodes. The Council also agreed to resume examination of the proposals already submitted by the Commission and to act on them immediately.

Without prejudice to any amendments which might still be made, the Council noted that there was a general consensus on the fundamental rights set out in the preliminary draft Charter and that they constituted the social identity of the Community.

These conclusions will be forwarded to the President of the European Council.

Annex II

Elements of the Spanish proposal concerning the creation of a European Guarantee Fund (EGF) for operations to reduce the payment and level of the foreign debt of heavily indebted countries

The system would address the problem of the debt of middle-income countries. It would cover not only Latin America, but North African, Far Eastern and East European countries too.

For this system to be launched three conditions must be satisfied:

- the debtor countries must reach agreement with the IMF on the economic programme to be pursued over the three following years;
- the banking sector must accept the reductions which the IMF and the EGF consider appropriate;
- the creditor countries which are not members of the EGF must make a contribution, on a case-by-case basis, equivalent to that made by the countries participating in the above Fund.

The creation of the EGF would strengthen the multilateral aspect envisaged for dealing with the debt problem.

The Fund would allow a more balanced distribution of the efforts to be made by ensuring that the commercial banks shoulder their share of responsibility.

As the EGF is to be a guarantee system, it is not envisaged that the participating countries would pay initial contributions.

The EGF would be formed on an intergovernmental basis; all interested European countries could take part in it.

Political cooperation

East-West relations, including the CSCE

The European Council recognizes the importance of the profound changes now taking place in the USSR and the Central European and East European countries, while regretting that serious violations of human rights still occur in some of those countries, in particular against members of ethnic and religious minorities. It has reaffirmed the determination of the Community and its Member States to play an active role in supporting and encouraging positive changes and reform.

The European Council has reaffirmed the full validity of the comprehensive approach integrating political, economic and cooperation aspects which the European Community and its Member States follow in their relations with the USSR and with Central European and East European countries. It has assessed positively the concrete steps which the Community and its Member States, following the Rhodes Declaration, have taken in these fields.

The European Council looks forward to an intensification of relations between East and West in all fields. It reaffirms its belief that progress in arms control and disarmament, respect for human rights and the free circulation of ideas, information and persons remain necessary elements for this improved East-West atmosphere to materialize into further tangible results.

The European Council is convinced that the CSCE process provides the appropriate framework for achieving greater progress in all these fields, enabling Europe to look forward to a day when its present divisions become a matter of history.

The Twelve, who are gradually strengthening their cooperation as a contribution to preserving their security, seek to enhance stability and security through lower levels of forces and armaments as well as through greater transparency and predictability in military matters and thus to promote progress in rapprochement and in the dialogue among all the peoples in Europe. In this framework, they attach great importance to the negotiations on conventional forces in Europe and on confidence and security-building measures currently under way in Vienna and will strive for their early and satisfactory conclusion. The resumed Geneva negotiations on reductions in strategic nuclear weapons and the negotiations on chemical weapons also offer prospects for greatly reduced military confrontation and an improved climate of relations between East and West.

Middle East

The European Council reiterates its determination to continue contributing to the settlement of the Arab-Israeli conflict and has approved the attached declaration

In this context, the European Council considers that a definitive solution to the Lebanese crisis should be urgently negotiated and implemented. It confirms the full support of the Twelve for the tripartite Committee set up by the Arab League Summit in Casablanca. The European Council calls on all parties involved to cooperate fully with the tripartite Committee with the aim of achieving a complete and lasting ceasefire and a just political solution to the Lebanese crisis based on the sovereignty, unity and territorial integrity of Lebanon.

The European Council considers that a political solution should be based on the election of a President, political reforms and the withdrawal of all non-Lebanese troops. It renews its call for the immediate and unconditional release of all hostages in Lebanon and elsewhere. It reaffirms its full support for Unifil. The European Council has expressed its hope that the Iranian leaders will prove, by concrete actions, their willingness to develop constructive relations with the Community and its Member States, on the basis of freedom, tolerance and respect for international law.

Maghreb

The European Council attaches importance to the strengthening and development of relations with the Maghreb, particularly following the establishment of the Arab Maghreb Union, which the European Community and its Member States have publicly welcomed. The consolidation of the process of integration initiated by the establishment of the Union will contribute to the economic development and stability of the region and should enhance the prospects for a settlement of the Western Sahara dispute. The European Council also considers that the establishment of the Union provides a basis for closer cooperation between the Community and the Maghreb.

Cyprus

The European Council has noted with concern that the Cyprus problem has not yet found a solution and that the tragic division of the island still remains. The Twelve stand fully by the previous statements and reiterate their support for the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant UN resolutions. They stress the need for pro-

gress in the intercommunal dialogue under UN auspices and appeal to the parties concerned to cooperate with the UN Secretary General towards this end and to refrain from any action that could jeopardize this dialogue.

Latin America

The European Council has noted the further development of relations between the Community and its Member States and Latin America, and has examined the results of the ministerial meetings recently held in San Pedro Sula (Honduras) and in Granada (Spain).

The European Council reaffirms the concern of the Community and its Member States at the situation in Central America. A just, stable and lasting solution must be found through diplomatic action, regional dialogue, economic cooperation and national reconciliation based on respect for democracy and human rights, in full compliance with the Esquipulas Agreement.

Latin American countries' aims of attaining genuine democracy are threatened by a difficult economic and financial situation of which debt is one of the main elements. The European Council commends the efforts towards genuine economic reforms and welcomes the intention of the governments concerned to continue in that direction. The European Council has agreed on the need for Member States of the Community to support efforts in international financial institutions and among creditor governments and by public and private banks to seek urgent solutions to these problems.

The European Council calls for the continued development of political contacts and of economic, technical, commercial and financial cooperation between the Community and Latin America. It has noted with satisfaction the work already undertaken in the Community framework along the lines of the The Hague conclusions of 26 and 27 June 1986.

Referring to the conclusions of various Councils, it has invited the Commission to pursue its efforts to allow the development of differentiated and increasingly effective policies of cooperation between Latin America and the European Community and its Member States, without prejudice to the development of close relations and cooperation with other regions.

Asia

The European Council has expressed its deep concern over the situation in China and has approved the attached declaration.

The European Council, reaffirming the previous declarations on Cambodia, welcomes progress made towards the settlement of the conflict in that country. While acknowledging a certain improvement in the international aspects of the Afghan conflict, it has expressed concern at the situation in Afghanistan and urges all the parties involved to work for the establishment of a truly representative government by a genuine act of self-determination. The European Community and its Member States have reiterated their readiness to contribute to the reconstruction of these countries according to their particular circumstances.

The European Council recognizes the urgency and the gravity of the problem of flooding in Bangladesh and is ready to lend effective, coordinated support to the government of that country, in the search for viable solutions which will ensure better flood control.

The European Council welcomes the fact that political dialogue and economic cooperation with the Asian countries have proved effective and will be further developed at the forthcoming meetings in Brunei and Manila.

Southern Africa

The European Council confirms its determination to continue striving for the abolition of apartheid through a process of peaceful change and for the establishment of a non-racial, free, democratic and united South Africa.

In support of the UN Secretary General and his special representative, the European Council has confirmed that it will make every effort to ensure that Security Council Resolution 435 continues to be implemented in all its aspects, allowing free and fair elections and the independence of Namibia within the agreed timetable.

The European Council welcomes the positive results obtained at the Gbadolite summit, which has opened the way to peace in Angola. The European Community and its Member States reaffirm their willingness to contribute to the stability, reconstruction and economic development of that country.

Declaration on the Middle East

The European Council has examined the situation in the Middle East conflict in the light of recent events and of contacts undertaken over several months by the Presidency and the 'troika' with the parties concerned, and it has drawn the following conclusions:

1. The policy of the Twelve on the Middle East conflict is defined in the Venice Declaration of 13 June 1980 and subsequent declarations. It consists in upholding the right to security of all States in the region, including Israel, that is to say, to live within secure, recognized and guaranteed frontiers and in upholding justice for all the peoples of the region, which includes recognition of the legitimate rights of the Palestinian people, including their right to self-determination with all that this implies.

The Twelve consider that these objectives should be achieved by peaceful means in the framework of an international peace conference under the auspices of the United Nations, as the appropriate forum for the direct negotiations between the parties concerned, with a view to a comprehensive, just and lasting settlement.

The European Council is also of the view that the PLO should participate in this process.

It expresses its support for every effort by the permanent members of the Security Council of the United Nations to bring the parties closer together, create a climate of confidence between them, and facilitate in this way the convening of the international peace conference.

2. The Community and its Member States have demonstrated their readiness to participate actively in the search for a negotiated solution to the conflict, and to cooperate fully in the economic and social development of the people of the region.

The European Council expressed its satisfaction regarding the policy of contacts with all the parties undertaken by the Presidency and the 'troika', and has decided to pursue it.

3. The European Council welcomes the support given by the extraordinary summit meeting of the Arab League, held in Casablanca, to the decisions of the Palestinian National Council in Algiers, involving acceptance of Security Council Resolutions 242 and 338, which resulted in the recognition of Israel's right to exist, as well as the renunciation of terrorism.

It also welcomes the efforts undertaken by the United States in their contacts with the parties directly concerned and particularly the dialogue entered into with the PLO.

Advantage should be taken of these favourable circumstances to engender a spirit of tolerance and peace with a view to entering resolutely on the path of negotiations.

4. The European Council deplores the continuing deterioration of the situation in the Occupied Territories and the constant increase in the number of dead and wounded and the suffering of the population.

It appeals urgently to the Israeli authorities to put an end to repressive measures, to implement Resolutions 605, 607 and 608 of the Security Council and to respect the provisions of the Geneva Convention on the protection of civilian populations in times of war. They appeal in particular for the reopening of educational facilities in the West Bank.

5. On the basis of the positions of principle of the Twelve the European Council welcomes the proposal for elections in the Occupied Territories as a contribution to the peace process, provided that the elections are set in the context of a process towards a comprehensive, just and lasting settlement of the conflict, that the elections take place in the Occupied Territories including East Jerusalem, under adequate guarantees of freedom, and that no solution is excluded and the final negotiation takes place on the basis of Resolutions 242 and 338 of the Security Council of the United Nations, based on the principle of 'land for peace'.
6. The European Council launches a solemn appeal to the parties concerned to seize the opportunity to achieve peace. Respect by each of the parties for the legitimate rights of the other should facilitate the normalizing of relations between all the countries of the region. The European Council calls upon the Arab countries to establish normal relations of peace and cooperation with Israel and asks

that country in turn to recognize the right of the Palestinian people to exercise self-determination.

Declaration on China

The European Council, recalling the declaration of the Twelve of 6 June, strongly condemns the brutal repression taking place in China. It expresses its dismay at the pursuit of executions in spite of all the appeals of the international community. It solemnly requests the Chinese authorities to stop the executions and to put an end to the repressive actions against those who legitimately claim their democratic rights.

The European Council requests the Chinese authorities to respect human rights and to take into account the hopes for freedom and democracy deeply felt by the population. It underlines that this is an essential element for the pursuit of the policy of reforms and openness that has been supported by the European Community and its Member States.

The Twelve are aware that the recent events have caused great anxiety in Hong Kong.

In the present circumstances, the European Council thinks it necessary to adopt the following measures:

- raising of the issue of human rights in China in the appropriate international forums; asking for the admittance of independent observers to attend the trials and to visit the prisons,
- interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China,
- suspension of bilateral ministerial and high level contacts,
- postponement by the Community and its Member States of new cooperation projects,
- reduction of programmes of cultural, scientific and technical cooperation to only those activities that might maintain a meaning in the present circumstances,
- prolongation by the Member States of visas to the Chinese students who wish it.

Taking into account the climate of uncertainty created in the economic field by the present policy of the Chinese authorities, the European Council advocates the postponement of the examination of new requests for credit insurance and the postponement of the examination of new credits of the World Bank.

Session of the European Council

Strasbourg, 8 and 9 December 1989

Conclusions

The European Council is conscious of the responsibilities weighing on the Community in this crucial period for Europe. The current changes and the prospects for development in Europe demonstrate the attraction which the political and economic model of Community Europe holds for many countries.

The Community must live up to this expectation and these demands: its path lies not in withdrawal but in openness and cooperation, particularly with the other European States.

It is in the interest of all European States that the Community should become stronger and accelerate its progress towards European union.

The European Council adopted the following conclusions to this end:

Making the Single Act a reality

The Community is determined to carry out all the commitments contained in the Single Act in order to continue and extend the process of integration with a view to European union. This presupposes that the Community must finish off, within the time limits laid down, the completion of the single market and that it should apply itself, at the same time, to giving concrete form to large-scale projects which will signify a new stage in its development.

An area without internal frontiers

The internal market is beginning to assume its final shape, and its positive effects are being felt in all sectors of economic life. In general, the timetable which was set is being adhered to. Important decisions have been taken during this six-month period: in the area of financial services, decisions have been taken on the coordination of legislation enabling banks to offer their services throughout the Community, the prohibition of insider dealing and the coordination of motor vehicle insurance.

The European Council hopes that this set of decisions will be swiftly supplemented by the adoption of directives, on the basis of Commission proposals, on investment services, regulations

on the solvency ratio, takeover bids, company law, in particular the European company statute, and the three tax proposals concerning cooperation between companies.

Significant progress has also been made in the Council (Internal Market) on other major topics such as the control of company concentrations, on which a decision is to be taken before the end of this year. The European Council would also like decisive progress to be made regarding testing, standards and certification, the opening of public procurement markets in the telecommunications, energy, transport and water distribution sectors, and the freedom to provide life assurance services.

It is also requesting that rapid progress be made in the veterinary sphere. In the transport sector, it reiterates the importance of the initial decisions taken on road cabotage and the guidelines adopted on air transport.

It would like a coherent Community policy to be drawn up in the latter sector and an effective response found to the problem of the congestion of air space, in order to guarantee maximum safety for passengers. Further progress is needed in the three transport sectors: road transport, air transport and shipping. It notes with satisfaction the progress made in the telecommunications sector.

Special priority should be given to the development and interconnection of trans-European networks, notably in the area of air traffic control, the linking of the main Community conurbations by broad-band telecommunications networks, the most efficient surface communications links and energy distribution. The European Council asks the Commission to propose the appropriate measures, taking into account the possibility of extending such action to the whole of the Community, paying particular attention to situations arising at the Community's limits in the context of economic and social cohesion,

With regard to the taxation of savings, the European Council notes the progress which has been made since Madrid. It asks the Council to complete its proceedings as soon as possible and, as an accompaniment to the liberalization of capital movements, to take measures to combat tax evasion effectively, in accordance with earlier decisions.

With regard to indirect taxation, it notes with satisfaction the progress made during the last few months with the formulation of a transitional system which will lighten the burden on undertakings and administrations and enable border checks to be eliminated.

It considers that these arrangements need to be supplemented by the elements which will be essential in particular to enable the progressive approximation of VAT rates and to resolve the problems connected with the removal, on 1 January 1993, of limits on purchases by private individuals for their personal consumption when travelling within the Community.

The European Council asks the Council to adopt as soon as possible, on a proposal from the Commission, the decisions which will make the process of the complete abolition of fiscal frontiers irreversible.

Flanking policies

According to the Single Act, completion of the internal market must be backed up by a number of flanking policies. Amongst these, measures to achieve closer economic and social cohesion are of particular importance to enable the Community as a whole to reap the benefits expected from the large market. The European Council welcomes the implementation of the reform of the structural policies within the period laid down.

Environment

An improvement in the quality of life will come from paying greater attention to the problems of the environment. The nature and seriousness of the problems arising in this sphere make more and more necessary a perspective and measures which go beyond the national framework.

The European Council confirms the desire of the Community and its Member States to play a greater part in the devising of international strategies for combating the dangers which threaten the environment, in particular by taking an active part in the drafting of a world convention on climate.

The European Council notes with satisfaction the unanimous agreement of the Council on the arrangements for the setting up of the European Environment Agency as from 1990. This Agency, which will be open to non-EEC European countries who wish to join, will constitute a decisive stage on the road towards improved knowledge of the state of the European environment and will thus help to improve the strategies for dealing with the problems that arise. The European Council would like the Council to take an early decision on the Agency's headquarters.

Research

The European Council would like the Council to reach agreement before the end of the year on the new framework programme for 1990 to 1994, the implementation of which should enable major progress to be made regarding the competitiveness of key sectors of European industry.

The European Council is pleased with the increased participation by EFTA countries in Community research programmes and hopes that cooperation with these countries and their association will develop further when the new framework programme is implemented.

Audiovisual Europe

The commitment of citizens to the European idea depends on positive measures being taken to enhance and promote European culture in its richness and diversity. In this context the European Council considers it essential to consolidate recent achievements and capitalize on the guidelines which emerged from the audiovisual conference in order to develop Europe's audiovisual capacity: Directive on the free movement of televised programmes and competition policy. It hopes that the efforts to produce the European HDTV system will be stepped up, that the Community action programme extending Media will receive the necessary financial support and that the necessary synergy with audiovisual Eureka will be ensured.

Free movement of persons and a people's Europe

All Community policies in the economic and social spheres contribute directly and indirectly to consolidating a common sense of belonging. This movement must be broadened and accelerated by the adoption of concrete measures which will enable European citizens to recognize in their daily lives that they belong to a single entity.

The European Council underlines the importance in this respect of the progressive abolition of formalities at the Community's internal borders which impede the free movement of persons and symbolize division, which means that effective measures need to be taken at the same time to combat terrorism, drug addiction and organized crime. The progressive abolition of border formalities shall not affect the right of Member States to take such measures as they consider necessary for the purpose of controlling immigration from third countries, and to combat terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques. The European Council asks the Commission, while taking account of national and Community spheres of competence, to study suitable measures for establishing effective controls at the Community's external frontiers.

The European Council takes note of the progress made within the coordinators' group as described in the progress report drawn up under the responsibility of the Presidency. The European Council would like the work to be stepped up and accelerated so that progress towards the free movement of persons can keep pace with that achieved on the free movement of goods, services and capital, in accordance with the timetable set out in the Palma document.

The European Council would like an inventory to be prepared of national positions on immigration so that a discussion on this issue within the Council can be prepared. In the light of that debate, the European Council calls upon the relevant bodies to conclude as soon as possible, and no later than the end of 1990, the conventions which are under examination on the right of asylum, the crossing of the Community's external frontiers, and visas. In this context, an inventory will be made of national policies on asylum with a view to achieving harmonization.

The European Council emphasizes the need, throughout those proceedings, to ensure that the procedure for cooperation between administrations first ensures the protection of individuals with regard to the use of personalized databanks.

The European Council calls upon the Coordinators' Group on Drugs recently set up on the initiative of the President of the French Republic to take all necessary steps to ensure the vital coordination of Member States' actions in the main areas of the fight against this scourge, namely prevention, health and social policy with regard to drug addicts, the suppression of drug trafficking, and international action. In this context, the European Council warmly welcomes the courageous action taken by certain countries, notably Colombia, and would like everything possible to be done to contribute to the success of their efforts.

The European Council reaffirms in this connection the need for the resumption, as soon as possible, of the negotiations within the International Coffee Organization with a view to concluding a new agreement to protect the income of producers in those countries.

The European Council welcomes the significant results obtained by implementing the programmes on exchanges of young persons and students (Erasmus, Comett, Lingua), which contrib-

ute to developing European awareness, as will the forthcoming introduction of a European emergency health card and a European youth card. Similarly the European Council particularly welcomes the decisive progress made recently towards agreement on granting all Community nationals the right of residence in the Member State of their choice.

This important measure, which is scheduled for adoption before the end of the year, represents an important step towards the integration of the peoples of the Community. The European Council indicated its satisfaction at the conduct of the 'Europe against cancer' programme and at the agreement of principle reached on adoption of the second action programme, 1990 to 1994.

Social dimension

Establishment of the single market has already led to significant results, as evidenced by sustained growth, a considerable increase in investment and in particular by the creation of new jobs, projected at five million for 1988 to 1990.

The European Council considers that this trend, together with the adoption of directives on the health and safety of workers, Community action programmes relating to the integration of unemployed young persons into working life and the fight against long-term unemployment, and of those relating to vocational training, constitute decisive aspects of the Community social dimension.

The Heads of State or Government of 11 Member States adopted the Community Charter of the Fundamental Social Rights of Workers. This Charter reflects their sincere attachment to a model of social relations based on common traditions and practices. It will serve them as a reference point for taking fuller account in future of the social dimension in the development of the Community.

The European Council takes note of the fact that the Commission has drawn up an action programme on the application of the Charter and calls upon the Council to deliberate upon the Commission's proposals in the light of the social dimension of the internal market and having regard to national and Community responsibilities.

Economic and monetary union

1. The European Council examined the work carried out since the European Council meeting in Madrid with a view to a meeting of the intergovernmental Conference.

It noted the agreement reached in the Council and the initiatives of the governors of the central banks with a view to strengthening the coordination of economic policies and improving collaboration between central banks. It notes that these decisions will enable the first stage of EMU as defined in the report from the Delors Committee to begin on 1 July 1990.

2. It took note of the report from the high-level working party, which identified the main technical, institutional and political issues to be discussed with a view to a Treaty on economic and monetary union.

On this basis, and following a discussion on the calling of an intergovernmental conference charged with preparing an amendment of the Treaty with a view to the final stages of EMU, the President of the European Council noted that the necessary majority existed for convening such a conference under Article 236 of the Treaty. That conference will meet, under the auspices of the Italian authorities, before the end of 1990. It will draw up its own agenda and set the timetable for its proceedings.

3. The European Council emphasized, in this context, the need to ensure the proper observance of democratic control in each of the Member States.

With a view to the new term of the European Parliament which will begin in 1994, it calls for economic and monetary union to comply fully with this democratic requirement.

4. The European Council also took note of the Commission's intention to submit before 1 April a composite paper on all aspects of the achievement of economic and monetary union which will take into account all available analyses and contributions.

The European Council emphasized the need for the Council to use the period prior to the opening of the conference to ensure the best possible preparation.

The proceedings as a whole will be examined by the Council in preparation for the European Council meeting in Dublin.

A Community of responsibility and solidarity

In keeping with the principles set out in the Rhodes and Madrid Declarations, the Community will develop its role and that of its Member States in the international political and economic arena in a spirit of openness, solidarity and cooperation. It will meet its responsibilities vis-à-vis countries with which it maintains all manner of links and relationships, historical and geographical in origin.

EFTA

The European Council welcomes the progress of the discussions which have taken place since the Madrid Council and hopes that at the ministerial meeting on 19 December a decision will be taken to begin negotiations so that the Community and EFTA can, at the earliest opportunity, reach a comprehensive agreement strengthening, on the basis of the relevant 'acquis communautaire', their cooperation in the framework of a European economic area of 18 States in complete accordance with multilateral commitments.

The Community hopes that this cooperation will be as close as possible and that it will ensure EFTA's participation in certain Community activities and in the disciplines and benefits of the internal market, in full compliance with the independent decision-making processes of each organization and a strict balance of rights and obligations.

The European Council hopes that the negotiations to be opened in the first half of 1990 will produce appropriate, pragmatic arrangements for institutional cooperation which are fully in keeping with the above principles.

This new relationship between the EEC and EFTA will be in the interests of both parties and meet the expectations of the peoples of Europe.

Central and Eastern Europe

The Community's dynamism and influence make it the European entity to which the countries of Central and Eastern Europe now refer, seeking to establish close links. The Community has taken and will take the necessary decisions to strengthen its cooperation with peoples aspiring to freedom, democracy and progress and with States which intend their founding principles to be democracy, pluralism and the rule of law. It will encourage the necessary economic reforms by all the means at its disposal, and will continue its examination of the appropriate forms of association with the countries which are pursuing the path of economic and political reforms. The Community's readiness and its commitment to cooperation are central to the policy which it is pursuing and which is defined in the declaration adopted today. The objective remains, as stated in the Rhodes Declaration, that of overcoming the divisions of Europe.

1. The Community has concluded trade agreements and, for the most part, cooperation agreements with Czechoslovakia, Hungary and Poland. The Agreement with the USSR should be signed by the end of this year. The Council will, as soon as possible, instruct the Commission to negotiate a trade and cooperation agreement with the GDR to be concluded during the first half of 1990.

The European Council welcomes the decision taken by the Council on 27 November temporarily granting Poland and Hungary special trade facilities in order to contribute towards solving their specific political and economic problems.

It noted the decision taken by the Community to assist economic reform in Poland and Hungary.

The Community took part, in cooperation with its main Western partners, in an operation to supply agricultural products to Poland. In view of the scale and urgency of the needs, the European Council would ask the Council to take a decision in the near future on a further such operation.

2. At their meeting in Paris on 18 November 1989, the Heads of State or Government asked the 'troika' of Presidencies and the Commission to make progress in discussion and decision-taking with regard to the following:
 - the European Council approved the principle of granting observer status to the USSR in GATT;
 - the Commission has submitted proposals designed to allow nationals of the countries of Central and Eastern Europe to take part in a number of educational

and training programmes similar to Community programmes; the European Council requests the Council to take the relevant decisions;

- the European Council calls upon the Council to take, at the beginning of 1990, the requisite decisions for the setting-up of a European vocational training foundation, on the basis of proposals which the Commission is to submit;
 - the European Council approved the creation of a European Bank for Reconstruction and Development. Its aim will be to promote, in consultation with the IMF and the World Bank, productive and competitive investment in the States of Central and Eastern Europe, to reduce, where appropriate, any risks related to the financing of their economies, to assist the transition towards a more market-oriented economy and to speed up the necessary structural adjustments. The States of Central and Eastern Europe concerned will be able to participate in the capital and management of this bank, in which the Member States, the Community and the European Investment Bank will have a majority holding. Other countries, and in particular the other member countries of the OECD, will be invited to participate. The European Council hopes that the European Bank for Reconstruction and Development will be set up as soon as possible. The European Council requests that the necessary steps be taken to ensure that negotiations are opened in January 1990. The European Investment Bank will play a key role in preparing the way for this new institution.
3. The European Council confirmed the Community's readiness to participate, under the conditions defined at the meeting on 18 November, in the creation of a stabilization Fund for Poland. It emphasized that the combined contributions of the Twelve would provide more than half the resources of the Fund, which is to receive USD 1 000 million. The European Council referred to the need to grant Hungary, after agreement with the IMF, an adjustment loan of the same amount.

It called upon the Council to take an early decision on the Commission proposals.

4. The European Council confirmed the key importance it attaches to the fact that aid and cooperation projects decided on by Western countries should be as complementary as possible. It reaffirmed the need to maintain and strengthen the procedure established by the Community. It expects the forthcoming ministerial meeting of the 24 Western countries on 13 December to take the necessary substantive and procedural decisions to ensure that the efforts undertaken to facilitate the transition taking place in Poland and Hungary and possibly in other countries of Central and Eastern Europe are coordinated and effective.
5. The European Council is following carefully and with interest the important reforms planned in Yugoslavia and confirms the Community's undertaking to examine - once the agreement with the Monetary Fund is concluded - additional measures in support of the programme for improving that country's economic and financial situation.

Mediterranean

The European Council considers that the Community must in the coming months flesh out its policy of neighbourly relations with the Mediterranean States, with which it has long had preferential ties. The specific relationship with Mediterranean countries must be intensified and make it possible to support them in their efforts towards cooperation with Europe, regional integration and economic development.

The Community attaches great importance to the creation of the AMU (Arab Maghreb Union) and will implement the most appropriate cooperation. It will continue the Euro-Arab dialogue at the December meeting.

The European Council calls upon the Council to adapt, on the basis of the Commission communication, the instruments provided for under the current agreements in order to institute the means and methods of cooperation which are best suited to the special nature of the relations which must develop between the Community and these countries, taking into consideration the particular problems of each of them.

Latin America and ACP States

The Community must strengthen its cooperation with the Latin American countries: in particular it must support the efforts of the Andean Pact countries to combat drugs, find substitute crops and improve the outlets for those crops.

The European Council welcomes the conclusion of the fourth Lomé Convention, which deepens and broadens the privileged relations between the Community and the associated African, Caribbean and Pacific States. That Convention will be signed within the coming days.

European political cooperation

1. The European Council discussed the following subjects of political cooperation:
 - Central and Eastern Europe,
 - the Middle East,
 - Lebanon,
 - the Euro-Arab Conference,
 - Southern Africa,
 - Ethiopia,
 - Chile,

- Central America.

It approved the declarations attached.

2. Cyprus

The European Council expressed its deep disquiet that the tragic division of Cyprus, a country belonging to the European family, remains unchanged despite the renewed efforts over 15 months of the Secretary General of the United Nations.

It also reiterated its appeal to all parties to cooperate with Mr Perez de Cuellar and his representative on the spot so as to overcome the obstacles to the pursuit of dialogue. It asked them not to miss this opportunity for a just and lasting settlement that will safeguard the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant resolutions of the United Nations.

3. Human rights

The European Council took note of the report of the Political Committee summing up the activity of the Twelve in the field of human rights in 1989. In this connection, it approved the text of a press release.

Declaration on Central and Eastern Europe

Each day in Central and Eastern Europe change is asserting itself more strongly. Everywhere a powerful aspiration toward freedom, democracy, respect for human rights, prosperity, social justice and peace is being expressed. The people are clearly showing their will to take their own destiny in hand to choose the path of their development. Such a profound and rapid development would not have been possible without the policy of openness and reform led by Mr Gorbachev.

Expressing the feelings of the people of the whole Community, we are deeply gladdened by the changes taking place. These are historic events and no doubt the most important since the Second World War. The success of a strong and dynamic European Community, the vitality of the CSCE process and stability in the area of security, in which the United States and Canada participate, have contributed greatly to them.

These changes give reason to hope that the division in Europe can be overcome in accordance with the aims of the Helsinki Final Act which seeks, through a global and balanced approach and on the basis of a set of principles which retain their full value, to establish new relations between European countries whether in the area of security, economic and technical cooperation, or the human dimension.

We seek the strengthening of the state of peace in Europe in which the German people will regain its unity through free self-determination. This process should take place peacefully and democratically, in full respect of the relevant agreements and treaties and of all the principles defined by

the Helsinki Final Act, in a context of dialogue and East-West cooperation. It also has to be placed in the perspective of European integration.

Already the hopes which we expressed a year ago in the Rhodes Declaration have begun to take shape. The progress recorded in the negotiations on conventional and chemical disarmament, the greater freedom of movement of persons and ideas, the greater assurance of respect of human rights and fundamental freedoms, and the different agreements concluded between the Community and certain of these countries are substantially changing the climate of relations in Europe.

The European Council is convinced in the present circumstances that all must, more than ever, demonstrate their sense of responsibility. The changes and transitions which are necessary must not take place to the detriment of the stability of Europe but rather must contribute to strengthening it.

Far from wanting to derive unilateral advantages from the present situation, the Community and its Member States mean to give their support to the countries which have embarked upon the road to democratic change. They deplore all the more so that in certain countries this process is still hindered.

The Community and its Member States are fully conscious of the common responsibility which devolves on them in this decisive phase in the history of Europe. They are prepared to develop with the USSR and the other countries of Central and Eastern Europe, and with Yugoslavia, in so far as they are committed to this path, closer and more substantive relations based upon an intensification of political dialogue and increased cooperation in all areas. The Community has in particular decided to support the economic reforms undertaken in these countries by contributing - in collaboration with its Western partners - to the establishment of healthy and prosperous economies within the framework of appropriate structures.

The European Council has drawn up conclusions which illustrate this intention,

For the future and in accordance with the developments taking place, the Community is willing to implement still closer forms of cooperation with these countries.

At this time of profound and rapid change, the Community is and must remain a point of reference and influence. It remains the cornerstone of a new European architecture and, in its will to openness, a mooring for a future European equilibrium. This equilibrium will be still better ensured by a parallel development of the role of the Council of Europe, EFTA and the CSCE process.

Construction of the Community must therefore go forward: the building of European union will permit the further development of a range of effective and harmonious relations with the other countries of Europe.

Declaration on the Middle East

1. The European Council wishes once more to stress the overriding need to find a political settlement to the Arab-Israeli conflict. In this regard it recalls that the position of the Twelve is defined in the Madrid Declaration of 27 June 1989. In all its elements this declaration remains fully valid.

It is in this spirit and with the guarantees specified in the Madrid Declaration that the Twelve supported the proposal for elections in the Occupied Territories, considered as a step in a process towards an overall settlement. Similarly they encourage efforts which seek to establish dialogue between the parties directly concerned. They recall the efforts they themselves make to this end, while respecting the principles which guide their search for a settlement. An illustration is the recent mission carried out by the ministerial 'Troika'.

2. Seriously concerned by violations of human rights in the Occupied Territories and recalling the need for the occupying power to observe strictly its obligations under the fourth Geneva Convention to which it has notably not conformed in such basic areas as education and health, the European Council deplores the continuous deterioration of the situation in the Occupied Territories which seriously affects the living conditions of the people, compromises in a lasting fashion the future of Palestinian society and prevents the economic and social development of the Territories.

The Community and its Member States are determined to increase substantially their aid to the inhabitants of these Territories. Within the framework of the new 1990 to 1992 triennial convention, the Community will continue with and increase its aid to Palestinians through UNRWA which has amounted to more than ECU 388 million since 1971. It wishes to see the activities of UNRWA carried out without hindrance. During the same period, the European Council establishes as an objective the doubling of the Community's direct aid which, since 1981, has amounted to ECU 23 million. The Community thus intends to contribute to the economic and social development of the Occupied Territories and, by its efforts in the area of health and education as well as by support for local Palestinian institutions, to help to preserve the common future of the Palestinian people.

Statement on Lebanon

Deeply concerned at the recent developments in Lebanon which have produced a further threat to the preservation of the country's unity, the European Council reaffirms its commitment to the implementation of the Taif Agreements. It expresses its conviction that in present circumstances there is no alternative to the process of national reconciliation and peace envisaged under those agreements.

The European Council therefore calls on all parties concerned to lend their support to these objectives, in such a way that they are furthered through dialogue and consultation to the exclusion of any recourse to violent means, the upholding of the ceasefire being a main priority.

The European Council expresses its support for the constitutional order in Lebanon embodied by the President of the Republic and the Government appointed by him, so that in accordance with the aspirations of the whole population, the sovereignty, independence, unity and territorial integrity of Lebanon can be restored. This process implies the withdrawal of all foreign armed presence, so that the Lebanese people will be fully masters in their own house. The Council recalls the very positive role played by Unifil.

Statement on the Euro-Arab Conference

The European Council expresses its desire to make closer the ties which unite the Twelve to the Arab world from one side of the Mediterranean to the other. It is in this spirit that a conference has been organized which will meet in Paris on 21 and 22 December and whose purpose will be to give a new impetus to the Euro-Arab dialogue in order to strengthen and develop cooperation.

Declaration by the Twelve on southern Africa

Southern Africa has, for a year, been the scene of developments of such importance as consistently to demand the attention of the Twelve.

1. The most obvious of these concerns Namibia. Almost a year ago the signature of the New York Agreements opened the way for implementation of Resolution 435 as the Twelve have constantly wished. Up to now the transitional process has unfolded in a satisfactory manner and the Twelve wish, on this occasion, to express their appreciation of the vital role played by the Secretary General of the UN and his special representative for Namibia. The first valid and free elections have permitted the appointment of a constituent assembly which truly reflects the wishes of the Namibian people. The foundations of the new State are taking shape before our eyes.

Independent Namibia's needs will be significant. The Community and its Member States are already prepared to contribute to meeting these through appropriate aid programmes. This effort will be in addition to the assistance envisaged by all of the Member States on a bilateral level. Namibia will also be welcomed into the new Lomé Convention as soon as it expresses a wish to join it. The Troika has already made known this position to the representatives of the ACP States at their recent ministerial meeting to discuss Southern Africa.

2. A measure of progress has also been achieved in the process of national reconciliation in Angola and Mozambique. A favourable international climate has been availed of with courage and determination on the part of those with authority in these two States in order to make significant advances on the road to peace. The recent mission of the 'troika' of political directors to Angola brought out the real will of the leaders of this country to put an end to the conflict which has for too many years encumbered the economic development and well-being of its people.

The Community and its Member States are resolved to match these developments by efforts to aid the reconstruction and development of both these countries.

3. Finally, in South Africa, President De Klerk's accession to power has been followed by several acts of clemency and a degree of freedom of expression which the Twelve have welcomed. These measures, however, are still

insufficient with respect to the immense task posed by the dismantlement of apartheid. The objective of the Twelve remains the achievement through peaceful means of a democratic and multiracial system in South Africa. In this regard they support any process which can lead rapidly to the cessation of violence on all sides and to a dialogue between the parties. Only broad-based negotiations bringing together the true leaders of the different constituent parts of the South African people can result in a lasting settlement. In this respect the Conference for a Democratic Future, which is being held in Johannesburg from 9 to 12 December, is a step in the right direction.

In this context the Community and its Member States have recalled their support for the programme of positive measures intended to help the victims of apartheid. With a view to preparing for the developments which are inescapable in South Africa, this programme will be strengthened over the next two years by granting new scholarships for study in Europe and in multi-racial South African universities. The purpose of this action is to facilitate exchanges between the different communities while allowing their least privileged members to attain a better level of education and thus to contribute to the training of the skilled personnel of which a multi-racial South Africa will have crucial need in the medium term.

The Community and its Member States have, moreover, decided to maintain the pressure that they exert on the South African authorities in order to promote the profound and irreversible changes which they have repeatedly stood for and to reconsider it when there is clear evidence that these changes have been obtained.

A new South Africa, free from racial discrimination, in which all South Africans can live in peace and harmony and enjoy equal rights, is not a utopian ideal. Its achievement will also be of vital importance to the peace, stability, security and economic development of the whole region and will allow South Africa once more to find its proper place within the international community.

Statement on Ethiopia

The European Council welcomes the steps undertaken to advance towards negotiated solutions and expresses its conviction that only the conclusion of a political agreement between all parties will enable conflict to be brought to an end. It calls on the parties concerned to pursue negotiations so as to achieve as soon as possible a settlement acceptable to all, in a spirit of national reconciliation.

The European Council expresses its deep concern at the gravity of the food shortage which affects the northern regions - Eritrea and Tigré in particular - and threatens the life of millions of persons.

It affirms the determination of the European Community and its Member States to come to the assistance of the populations who are victims of famine. It urges all parties concerned, in collaboration with the agencies of the United Nations, the World Food Programme, the Internatio-

nal Committee of the Red Cross, and other non-governmental organizations, not to obstruct but on the contrary to facilitate the delivery and distribution of humanitarian assistance and emergency aid in the afflicted areas.

Declaration on the eve of the general elections in Chile, 14 December 1989

The European Council, which has constantly expressed its wish for the re-establishment of freedom in Chile, views the situation in that country with hope.

The results of the plebiscite of 5 October 1988 showed clearly the will of its people to put an end to the 16 years of the military regime and to renew its democratic traditions.

The European Council today welcomes the prospects offered by the forthcoming presidential and legislative elections at the end of a process which should finally permit a return to a State founded on law.

The Community and its Member States have already provided the Chilean people with assistance in various sectors. The European Council reiterates its intention to contribute to the economic and social development of a democratic Chile, in particular within the framework of a future cooperation agreement between the Community and that country.

Statement on Central America

The European Council, concerned at the renewal of tensions in Central America and particularly at the recent explosion of violence in El Salvador, considers that a peaceful solution in accordance with the aspirations of the peoples of the region can only come through dialogue, the safeguarding of human rights, and respect for democracy. In this spirit, they call on all parties in the region to strive for a resumption of the regional peace process based on the Esquipulas Agreements.

Press statement on the activity of the Twelve in the field of human rights

- Cooperation in the field of human rights, which led earlier, in 1986, to a ministerial declaration and, in 1987, to the setting-up of a special working group in accordance with the wishes of the European Parliament, has developed further in 1989.
- This has been a year of contrasts in human rights, marked by progress, particularly in some East European countries, but also by disappointed hopes and the continuation of disturbing situations. Confronted with such events, the Twelve have made their voice heard. The interventions they have made in international forums (CSCE; the United Nations, where for the first time last February, the Twelve made a joint intervention in the debate of the Commission on Human Rights), together with the positions they have adopted in the form of declara-

tions, give witness to their will to react to such situations regardless of the continent in which they might occur. In certain cases (Iran, Romania, China, Panama), measures that have been taken have been made public.

- The question of human rights has become an important element in the dialogue and cooperation entered into with the developing countries. Respect of human rights is essential to lasting development.
- Actions in the field of human rights have also been carried out by way of numerous démarches made during the year to several governments, most often through the ambassador of the Presidency or heads of mission forming the Troika. For reasons of efficacy, most of these démarches have remained confidential. The purpose of some of them has been to protect or save persons who were victims of arbitrary treatment or racial discrimination, in particular apartheid. Others have marked the concern of members of the European Community with regard to certain particularly serious attacks on human rights (summary executions, torture, arbitrary arrest, etc.).
- The adoption in 1988 within the CSCE framework of a special procedure which both enables attention to be drawn to situations where human rights in Europe are not being respected and contributes to their resolution through dialogue between States, has also led the Twelve to act jointly. Thus the Presidency, making use of this procedure, has intervened on a number of occasions in 1989 in four countries of Eastern Europe.
- Coordination between member countries of the Community is accompanied by and relies increasingly upon enhanced on-the-spot cooperation between their missions in countries where fundamental freedoms are violated.
- Particular attention has been paid to questions and resolutions of the European Parliament concerning human rights.
- All in all, the action undertaken by the Community and its Member States in 1989 in the area of human rights have marked a new stage in their common commitment to the respect of fundamental liberties.

Special Meeting of the European Council

Dublin, 28 April 1990

Presidency Conclusions

1. The European Council expresses its deep satisfaction at developments in Central and Eastern Europe since the Strasbourg European Council. It applauds the continuing process of change in these countries with whose peoples we share a common heritage and culture. This process of change brings ever closer a Europe which, having overcome the unnatural divisions imposed on it by ideology and confrontation, stands united in its commitment to democracy, pluralism, the rule of law, full respect for human rights, and the principles of the market economy. The European Council welcomes in particular the holding of free elections in the German Democratic Republic and Hungary and looks forward to similar developments in the other countries of Central and Eastern Europe.
2. The Community warmly welcomes German unification. It looks forward to the positive and fruitful contribution that all Germans can make following the forthcoming integration of the territory of the German Democratic Republic into the Community. We are confident that German unification - the result of a freely expressed wish on the part of the German people - will be a positive factor in the development of Europe as a whole and of the Community in particular.
3. A point has now been reached where the continued dynamic development of the Community has become an imperative not only because it corresponds to the direct interests of the twelve Member States but also because it has become a crucial element in the progress that is being made in establishing a reliable framework for peace and security in Europe. The European Council therefore agrees that further, decisive steps should be taken towards European unity as envisaged in the Single European Act.

German unification

4. We are pleased that German unification is taking place under a European roof. The Community will ensure that the integration of the territory of the German Democratic Republic into the Community is accomplished in a smooth and harmonious way. The European Council is satisfied that this integration will contribute to faster economic growth in the Community and agrees that it will

take place in conditions of economic balance and monetary stability. The integration will become effective as soon as unification is legally established, subject to the necessary transitional arrangements. It will be carried out without revision of the Treaties.

5. During the period prior to unification the Federal Government will keep the Community fully informed of any relevant measures discussed and agreed between the authorities of the two Germanies for the purpose of aligning their policies and their legislation. Furthermore, the Commission will be fully involved with these discussions.

In this period the German Democratic Republic will benefit from full access to the European Investment Bank, Euratom and ECSC loan facilities, in addition to Community support in the context of the coordinated action of the Group of 24 countries and with participation in Eureka projects.

As regards the transitional arrangements, the Commission will as soon as possible and in the context of an overall report, submit to the Council proposals for such measures as are deemed necessary and the Council will take decisions on these rapidly. These measures, which will enter into force at the moment of unification, will permit a balanced integration based on the principles of cohesion and solidarity and on the need to take account of all the interests involved, including those resulting from the 'acquis communautaire'. The transitional measures will be confined to what is strictly necessary and aim at full integration as rapidly and as harmoniously as possible.

Internal and external development of the Community

6. In parallel with the process of the unification of Germany, the Community will continue its internal and external development. To this end the European Council asks the relevant Community bodies to follow the guidelines set out below:
 - (i) The European Council is satisfied with progress achieved so far towards establishing the single market without internal frontiers in which people, goods, services and capital can circulate freely from the end of 1992 in accordance with the provisions of Article 8a of the Treaty. We are determined to ensure that the objectives laid down in the Single Act are fully and effectively achieved in all respects.
 - (ii) The Community will establish in stages an Economic and Monetary Union in accordance with the principles of economic and social cohesion and in accordance with the conclusions of the European Councils in Madrid and Strasbourg. The preparations for the intergovernmental Conference on EMU which are already well advanced will be further intensified with a view to permitting that Conference, which will open in December 1990, to conclude its work rapidly with the objective of ratification by Member States before the end of 1992.

- (iii) The Community will act as a political entity on the international scene, open to good relations with other countries and groups of countries.
- (iv) The movement to restore freedom and democracy in Central and Eastern Europe and the progress already made, and in prospect, in arms negotiations, now make it both possible and necessary to develop a wider framework of peace, security and cooperation for all of Europe. To this end the Community and its Member States will play a leading role in all proceedings and discussions within the CSCE process and in efforts to establish new political structures or agreements based on the principles of the Helsinki Final Act while maintaining existing security arrangements which Member States have. The European Council asks Foreign Ministers to prepare this work in accordance with guidelines in Annex I.
- (v) The Community attaches great importance to and will work actively for early agreement with our EFTA partners on the establishment of a European economic area.

Central and Eastern Europe

With regard to the countries of Central and Eastern Europe the European Council welcomes the wide range of measures adopted or put in place over the past months, including the agreement on the European Bank for Reconstruction and Development, the conclusion of trade and cooperation agreements between the Community and most of those countries, the Community programmes on professional training and student exchange soon to be finalized and other important actions in the context of G-24 cooperation. The European Council is of the opinion that transfers of private capital and investments towards these countries should be encouraged and invites the Commission to study the implementation of the most appropriate accompanying measures (e.g. reinsurance, granting of guarantees).

The European Council agrees that the action within the framework of G-24 should be extended to the GDR, Czechoslovakia, Yugoslavia, Bulgaria, and Romania. The Community will work actively for the adoption of an action plan for assistance to these countries at the forthcoming G-24 ministerial meeting.

Discussions will start forthwith in the Council, on the basis of the Commission's communication, on association agreements with each of the countries of Central and Eastern Europe which include an institutional framework for political dialogue. The Community will work to complete association negotiations with these countries as soon as possible on the understanding that the basic conditions with regard to democratic principles and transition towards a market economy are fulfilled.

Other countries

- (i) In parallel with its European commitment the Community is determined to pursue its major role as a responsible participant at a wider international level.

- (ii) With regard to its relations with the United States, the Community will make the fullest use of and further develop its close transatlantic relations based on regular contacts at the highest levels. In this context we express our satisfaction with the understanding reached between the President of the European Council and the President of the United States on the holding of one meeting at that level during each Community Presidency. We agree that this and the other regular meetings including meetings with the Commission will provide a good framework for the further expansion of relations between the Community and the United States.
- (iii) The Community will intensify its policy of good relations with the Mediterranean countries, based on more effective cooperation, taking into consideration the particular problems of each of them. It will pursue its special relationship with the ACP countries and it will intensify its cooperation with countries in Asia and Latin America. It remains fully committed to and will contribute to a successful conclusion of the Uruguay Round multilateral negotiations. The Community will pursue its cooperation with Japan, Canada, Australia and other OECD members.

Political Union

7. The European Council discussed the proposal of President Mitterrand and Chancellor Kohl on political union and the paper submitted by the Belgian Government on the same subject.

In this context the European Council confirmed its commitment to political union and decided on the following:

- (i) a detailed examination will be put in hand forthwith on the need for possible Treaty changes with the aim of strengthening the democratic legitimacy of the Union, enabling the Community and its institutions to respond efficiently and effectively to the demands of the new situation, and assuring unity and coherence in the Community's international action.
- (ii) Foreign Ministers will undertake this examination and analysis, and prepare proposals to be discussed at the European Council in June with a view to a decision on the holding of a second intergovernmental Conference to work in parallel with the Conference on Economic and Monetary Union, with a view to ratification by Member States in the same time-frame.

Drugs and international organized crime

8. The European Council expresses its serious concern at the threat posed by the abuse of and illicit trade in narcotic drugs and its link with international organized crime. This trade causes tragic damage to lives and waste of human poten-

tial. It has now also become an international issue, with drug traffickers disposing of very considerable financial and other resources. The threat concerns both developed and developing countries and calls for action at the international level.

The European Council asks the high-level coordinators group, Celad, in close consultation with the Commission, to report to the General Affairs Council with a view to the meeting of the European Council in June on measures to bring about more effective coordination and on priorities for action by the Community and Member States in the context of a concerted action against drug abuse and illicit production, distribution and sale of narcotic drugs.

Cyprus

9. The European Council agreed the conclusions in Annex II.

Annex I

Guidelines ON CSCE

The changes in Europe that we are witnessing bring with them the opportunity of overcoming the division of our continent and building a new system of relations between the States of Europe, based on the aims and principles of the Helsinki Final Act. The CSCE process, which has already made a significant contribution to change, will serve as a framework for reform and stability on our continent, and should be developed in new directions. The Community and its Member States are determined to assume their responsibilities wholeheartedly and to play a full part in the CSCE process; they are considering appropriate arrangements to achieve this end.

There is now wide agreement on the desirability of a summit meeting of the CSCE participating States before the end of this year. This would mark the starting point for a more advanced stage of the Helsinki process. The decisions necessary to launch the summit process should be taken as soon as possible so as to ensure that the preparations essential for its successful outcome are completed in good time. This should include an early decision on the opening date and venue of a preparatory committee as well as on the venue of the summit. For their part, the Twelve propose that the preparatory committee could start in July, and the summit itself could take place in Paris.

The Community and its Member States are continuing intensively with their preparations for the summit. In their declaration of 20 February, the Twelve have set out the issues which in their view are appropriate for consideration at the summit. They look in particular towards a balanced development of the CSCE encompassing notably the development of pluralist democracy, the rule of law, human rights, better protection of minorities, human contacts, security, economic cooperation, the environment, further cooperation in the Mediterranean and cooperation in the field of culture.

The CSCE summit should make it possible to consider new institutional arrangements within the CSCE process, taking also into account proposals made by the Central and Eastern European countries, including the possibility of regular consultative meetings of Foreign Ministers and the establishment of a small administrative secretariat. It will also provide the opportunity to consider the relationship that should exist between the CSCE process and other relevant institutions, such as the Council of Europe. It should mandate the Foreign Ministers of the 35 accordingly.

Already, the new climate of cooperation that prevails has made possible a practical and forward-looking outcome to the Bonn Conference on Economic Cooperation in Europe. The results obtained there will serve as guidelines for future economic cooperation between the 35. The Community made a major contribution to the success of the Conference. The Bonn Document, which acknowledges the link between political pluralism and market economies, provides a basic orientation for future economic relations and cooperation in Europe.

The Twelve look forward to a similar spirit of cooperation at the Copenhagen Conference on the Human Dimension, and trust it will be possible to achieve major substantial results there also, results which will serve to strengthen the commitment of all the participating States to human rights and enable all Europeans to enjoy to the full their fundamental rights and freedoms.

The Twelve reaffirm the importance of the Mediterranean dimension of the CSCE. Being of the view that the experience of the CSCE process can have positive effects on the Mediterranean basin, they hope that the meeting in Palma de Mallorca will enable progress to be made in this dimension of the CSCE process.

The Twelve are committed to a secure and stable balance of forces in Europe at lower levels. They look to an early, successful conclusion to the negotiations on conventional armed forces in Europe, which is taking place in the framework of the CSCE, as well as to the adoption of further confidence- and security-building Measures. They affirm once again the importance of continuing negotiations in the field of arms control and the building of security and confidence in Europe with a view to achieving a lasting framework for security in Europe.

Annex II

Cyprus

The European Council discussed the Cyprus question in the light of the impasse in the inter-communal dialogue.

The Twelve, deeply concerned at the situation, fully reaffirm their previous declarations and their support for the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant UN resolutions. They stress the need for a prompt resumption of the inter-communal talks on the basis of the mission of good offices of the Secretary General, as was recently reaffirmed by Resolution 649/90 of the Security Council.

Session of the European Council

Dublin, 25 and 26 June 1990

Conclusions

The European Council heard a statement by Mr Baron, the President of the European Parliament, in which he set out the Parliament's position and priorities with regard to the main Community topics, in particular the two forthcoming intergovernmental Conferences.

Introduction

1. The European Council, determined to ensure the continued dynamic development of the Community at a time of great challenge for Europe and the world, agreed to intensify the process of transforming relations as a whole among Member States into a European Union invested with the necessary means of action. To this end it reviewed progress and laid down guidelines with regard to the full implementation of the Single European Act; it agreed to convene an intergovernmental Conference on Political Union; it reviewed the preparatory work for the intergovernmental Conference, already agreed, on Economic and Monetary Union; and fixed the opening dates for these two intergovernmental Conferences.
2. With a view to enhancing the benefits which our peoples derive from belonging to a Community which has as its *raison d'être* the promotion of their rights, their freedoms and their welfare, the European Council dealt with a number of themes of particular relevance to the individual citizen, including the free movement of persons, the environment, drugs and their links with organized crime, and anti-semitism. The European Council sees action in these areas as essential to the Union it wishes to achieve over the coming years.
3. The European Council, determined to strengthen the role of the Community in the world in order to meet its international responsibilities, reviewed progress in the Community's external relations and laid down guidelines for future action in a number of areas. The discussion reflected the increased coherence between the economic and the political aspects of the Community's international action.

I. Progress towards European Union

1. Implementation of the Single European Act

The fulfilment of the commitments contained in the Single Act is fundamental to the process of integration and to the creation of a European Union. Economic and Monetary Union and Political Union must be built on an area without internal frontiers in which the free movement of persons, goods, services and capital is ensured in accordance with the provisions of the Treaty, where economic and social cohesion is assured, and where the necessary accompanying policies to the internal market are developed.

The European Council took stock of progress towards the implementation of the Single European Act.

(a) Internal market

The European Council welcomed the good progress which has been made in a number of fields in recent months and noted that two-thirds of the measures had now been agreed.

In the area of public procurement it noted the important agreement on the opening of the previously excluded sectors of water, energy, transport and telecommunications. The European Council looked forward to further progress being made in the area of public procurement including the procurement of services.

Important progress has been made in the financial services sector. The European Council asked for rapid progress in the area of investment services and of insurance. It also asked for rapid completion of work on intellectual property, and effective action in relation to takeovers within the Community.

As regards animal and plant health, the European Council called for rapid completion of the internal market in agriculture and foodstuffs, building on recent progress.

In the fiscal area, the recent agreement on the package of three cooperation measures on company tax is an important step forward. On indirect taxes the European Council called for adoption before the end of the year of a new VAT and excise duties arrangements which are to apply from 1 January 1993.

The European Council welcomed the adoption of the second phase of the liberalization of air transport and other important recent advances in the transport sector. It stressed the importance of sustained progress in all areas of transport policy (in particular cabotage, fiscal harmonization in the road transport sector as early as possible and not later than 31 December 1990 and in accordance with the provisions of the Single European Act, and transit). In this connection

it noted with particular interest the memorandum submitted by the Netherlands on this subject, which it asked the Transport Council to consider with a view to a report to the next European Council.

Recalling its conclusions at Strasbourg on development and interconnection of trans-European networks, the European Council asked that guidelines on this matter be agreed before the end of this year.

At its December meeting the European Council will undertake a general examination of the progress made towards achieving the internal market within the time limit fixed, on the basis of the Commission's report required by the Single European Act.

The European Council emphasized the vital importance of implementation of Community legislation at national level within the required time limits. It asked the Commission to strengthen its supervisory procedures in this context. It agreed to review the situation at its next meeting.

(b) Research

The European Council welcomed the adoption of the third framework programme for the period 1990 to 1994, which provides for ECU 5,7 billion to finance the Community research and development programme over that period. It called for early decisions on the specific programmes to be established under the framework programme.

(c) Social dimension

The European Council recalled the particular importance which it attaches to the development of the social dimension in all its aspects with a view to ensuring that the opportunities offered by the completion of the internal market are fully exploited to the benefit of all the peoples of the Community.

Despite the recent significant improvement in general economic conditions, long-term unemployment among adults and young people remains a major problem. It welcomed the measures adopted recently by the Council of Social Affairs in action to assist the long-term unemployed, on vocational training and on health and safety of workers.

The European Council welcomed the timetable established by the 'troika' of Social Affairs Ministers and the Commission for the presentation and examination of proposals under the Commission's action programme in application of the 'Community Charter of the Fundamental Social Rights of Workers'.

(d) EMS

The European Council noted the satisfactory functioning and recent development of the EMS.

2. Economic and Monetary Union

The first stage of Economic and Monetary Union will come into effect on 1 July 1990. The European Council considered that this stage should be used to ensure convergence in the economic performance of Member States, to advance cohesion and to further the use of the Ecu, all of which are of importance for the further progress towards EMU.

The European Council reviewed the preparation of the forthcoming intergovernmental Conference. It noted that all the relevant issues are now being fully and thoroughly clarified, with the constructive contribution of all Member States, and that common ground is emerging in a number of fields. In these circumstances the European Council decided that the intergovernmental Conference will open on 13th December 1990 with a view to establishing the final stages of Economic and Monetary Union in the perspective of the completion of the internal market and in the context of economic and social cohesion. The Conference should conclude its work rapidly with the objective of ratification of the results by Member States before the end of 1992.

The European Council asked the EcoFin Council and the General Affairs Council assisted by the competent bodies to carry out their work in such a way that negotiations on a concrete basis can be entered into as soon as the Conference opens.

3. Political Union

The European Council had an extensive exchange of views on the basis of the examination and analysis conducted by Foreign Ministers and the ideas and proposals put forward by Member States and the Commission.

On this basis, and following a discussion on the calling of an intergovernmental Conference on Political Union, the President of the European Council noted the agreement to convene such a Conference under Article 236 of the Treaty. The Conference will open on 14 December 1990. It will adopt its own agenda, and conclude its work rapidly with the objective of ratification by Member States before the end of 1992.

Foreign Ministers will prepare the Conference. Preparatory work will be based on the results of the deliberations of Foreign Ministers (Annex I) and on contributions from national governments and the Commission, and will be conducted in such a way as to permit negotiations on a concrete basis to begin from the start of the Conference.

Close dialogue will be maintained with the European Parliament both in the preparatory phase and in the conference phase on Political Union as well as on Economic and Monetary Union.

The European Council considered that the necessary coherence in the work of the two Conferences should be ensured by the General Affairs Council.

4. German unification

The European Council heard a report from the German Federal Chancellor on the progress towards German unification. It welcomed the conclusion of the inter-German State Treaty which will promote and accelerate the integration of the territory of the German Democratic Republic into the Community.

The European Council expressed its satisfaction that the Commission has accelerated its preparatory work and intends to submit proposals for the necessary transitional arrangements in September. It asked the Council to reach early agreement in conformity with the guidelines laid down by the European Council in April.

The Members of the European Council also heard a report from the Prime Minister of the German Democratic Republic who was accompanied by his Minister for Foreign Affairs at the luncheon offered by the President of Ireland.

II. Progress in the fields relating to a people's Europe

The European Council emphasized that a fundamental objective of European integration is the promotion of the rights, freedoms and welfare of the individual citizen. It emphasized the importance of a people's Europe which seeks to ensure and bring home in a direct and practical way the benefit of the Community to all its citizens.

1. Environment

The European Council considered the role of the Community and its Member States in the protection of the environment within the Community and at the global level. It agreed that a more enlightened and more systematic approach to environmental management is urgently required. It emphasized that research and environmental monitoring must be intensified to achieve a better understanding of the phenomena involved in global change and the implication of different courses of action. But the European Council stressed that research must not be used to justify procrastination; the areas of scientific uncertainty have been narrowed down and the implementation of response measures can no longer be delayed.

Following its discussion the European Council adopted the declaration in Annex II setting out guidelines for future action. It requested the Commission to use the objectives and the principles contained in the declaration as the basis of the Community's 5th Action Programme for the Environment and to present in 1991 a draft of this programme. The European Council agreed to ask the Commission to analyze and prepare proposals for an appropriate Community programme to deal with the threat to the tropical rain forest in consultation with the countries concerned and in particular Brazil. It also agreed that the Community would consult other industrialized countries on concerted action on this question.

2. Free movement of persons

The European Council noted with satisfaction that there was now agreement on the three Directives on the right of residence.

It took note of the developments as set out in the Coordinator's Report on the Free Movement of Persons. It welcomed the conclusion and signature by 11 Member States of the Convention determining the State responsible for examining applications for asylum which is the first major legal instrument in the series necessary to ensure the free movement of people. It expressed the hope that this Convention will be signed by all Member States before the end of the year. It noted progress on the Convention on the crossing of the external borders of the Community and urged the competent bodies to take the necessary steps to ensure that this Convention would be signed at the end of this year in accordance with the conclusions reached by the European Council in Strasbourg. The European Council urged the coordinators group to speed up work on implementation of the measures contained in the 'Palma document' with a view to creating a Europe without frontiers.

3. Drugs and organized crime

The European Council held a thorough debate on the basis of reports from the High-Level Coordinators' Group, Celad, and from the Trevi Group. It agreed that drug addiction and traffic in drugs are sources of great damage to individuals and society as well as to States and constitute a major menace to Europe and the rest of the world. In view of the extent of this scourge and in the perspective of a Europe without internal frontiers the European Council agreed on the need for a coherent and effective policy at the European level. In this context the European Council suggested the early convening of a conference of Western and Eastern European countries under the auspices of the Pompidou Group.

The European Council endorsed the conclusions of the two reports and asked the Council to reach agreement before the end of the year on the basis of the Commission's proposals on trade in precursors with non-Community countries and on an integrated programme for cooperation with Colombia with particular regard to the sale and price of coffee and other substitute products. It welcomed the Commission proposal to combat money laundering and asked for final adoption of adequate measures before July 1991 drawing on the work of the GAFI set up in Paris in July 1989. It invited the Member States to adopt legislation which provides for seizure of the assets of persons involved in drug trafficking.

It stressed the responsibility of each Member State to develop an appropriate drug demand reduction programme. It also invited the Commission to present on a regular basis to the Council and Ministers for Health a report on work done in this area.

The European Council considered that the effective action by each Member State, supported by joint action of the Twelve and the Community, should be a main priority over the coming years. The necessary human and material resources both at national and Community level would be provided for an effective fight against drugs and organized crime.

The European Council asked Celad in close consultation with the Commission to prepare for the meeting of the European Council in Rome a European plan to combat drugs covering measures on prevention, on demand reduction programmes, on health and social policy with regard to drug addicts, the suppression of drugs trafficking and providing for an active European role in international action, bilaterally and in multilateral form. It asked the Trevi Group to speed up work on the creation of a common information system, a European programme of training for law enforcement officers from drug-producing and transit countries, coordination of Member States' programmes of technical police cooperation with those countries, and the establishment of a European central drugs intelligence unit if possible before the end of 1990. It urged the Group to proceed with expanding the network of liaison officers in producer and transit countries and with improving controls at external frontiers with particular regard to the infrastructure problems faced by Member States with a long coast line.

4. Anti-semitism, racism and xenophobia

The European Council adopted the declaration in Annex II

III. External relations

The European Council noted with satisfaction that the guidelines laid down at its special session in April for the Community's external policy are being translated into concrete action, notably:

- the preparatory work for the CSCE Summit,
- the exploratory talks, soon to be opened, on Association Agreements with certain Central and Eastern European countries,
- the proposals submitted by the Commission on the renewal of the Community's Mediterranean policy,
- the agreement on a mandate for negotiation with the EFTA countries which have now commenced with the objective of completion as soon as possible, with a view to creating a European Economic Area.

The European Council confirmed the will of the Community to act in a spirit of solidarity and cooperation with respect to those areas which, due to inadequate levels of development, necessitate an increased level of coordinated and multi-faceted intervention of the Community and the Member States.

The European Council furthermore dealt with the following subjects:

1. The economic situation in the USSR

The European Council had a substantial discussion of the situation in the Soviet Union. It underlined the interest of the Community in the success of the political and economic

reform initiated by President Gorbachev, and its support for the efforts of the Soviet Union to make progress towards a democratic system and a market-oriented economy.

The European Council asked the Commission, in consultation as necessary with the International Monetary Fund, the World Bank, the European Investment Bank, the Organization for Economic Cooperation and Development, and the designated President of the European Bank for Reconstruction and Development, to consult the Government of the Soviet Union with a view to preparing urgently proposals covering short-term credits and longer-term support for structural reform. In this connection the Commission will examine the proposal of the Netherlands government for the establishment of a European energy network.

The proposal thus established will be submitted in due course to the Council.

2. Central and Eastern Europe

The European Council welcomed the continuing progress being made in Central and Eastern European countries in establishing pluralist democracy founded on the rule of law, full respect for human rights, and the principles of the market-oriented economy. The European Council reaffirmed the right of individual citizens to participate fully in this process and called on all states to observe this principle without reservation. The European Council welcomed in particular the holding of free elections in Central and Eastern Europe and expressed the hope that these will lead to a fuller realization of democratic ideals which, of course, entail full respect for the rights of the opposition parties. The European Council expressed its deep satisfaction at the progress already made and in prospect towards overcoming the divisions of Europe and restoring the unity of the continent whose peoples share a common heritage and culture. The European Council recalled the contribution already made by the Community and the Member States to supporting the process of political and economic reform, notably through the G-24, and affirmed its intention to broaden and intensify that approach.

3. CSCE

The European Council reaffirms the important role played by the CSCE in the process of change in Europe. At a time when our continent is actively engaged in surmounting its divisions, the CSCE provides a necessary framework for maintaining stability and promoting cooperation in Europe and for deepening the reforms that are under way.

It attaches great importance to the comprehensive nature of the CSCE process which brings together the peoples and government of Europe, the United States and Canada.

It welcomes the decision taken by the Member States of the CSCE to convene in Paris a summit of Heads of State and Government. The European Council proposes the date of 19 November 1990 for this meeting.

For the European Council, this summit has an exceptional importance. It should be an opportunity to define the crucial role which the CSCE will play in the future architecture of Europe and in establishing a new set of relations between participating States, based on the Helsinki principles, to be further expanded by new commitments and involving a balanced

development of the CSCE encompassing notably the development of pluralist democracy, the rule of law, human rights, better protection of minorities, human contacts, security, economic cooperation, the environment, further cooperation in the Mediterranean and cooperation in the field of culture.

The European Council expects that the summit, among other things, will:

- make a decisive contribution to strengthening stability and cooperation in Europe, and to disarmament;
- take note of the results obtained in talks relating to German unity, in particular its final settlement under international law;
- provide a basic orientation for future economic relations and cooperation in Europe. A closer association between the Community and other States members of the CSCE is an example of such relations and cooperation;
- set out guidelines for a democratic Europe and consolidate the principles of a State based on the rule of law.

The European Council proposes agreement on regular meetings of Heads of State and Government of the CSCE, as well as of Ministers of Foreign Affairs, and the establishment of a small administrative secretariat, as well as the holding of more frequent follow-up meetings. The summit will also provide the opportunity to consider the relationship between the CSCE process and other relevant institutions, such as the Council of Europe. Furthermore, the summit could take decisions on new mechanisms in the field of security and cooperation in Europe, including suitable means to avoid conflict and disputes, and the active participation of parliamentary bodies.

The European Community and its Member States intend to assume a leading role in this enterprise and to contribute actively to all discussion within the CSCE process.

Considering the importance of the Paris Summit, the European Council has agreed that the Community and its Member States will strengthen their coordination with a view to defining and expressing a common position on all questions, in the various sectors of the CSCE, in which they have an essential common interest, and taking into account the importance of coordination with the participating states and organizations.

4. Transatlantic relations

The European Council expressed its satisfaction with the developments in the Community's relations with the United States, based on the structures laid down by the European Council in April and characterized by ever closer cooperation. They wish to take this cooperation further. Their commitment to this further cooperation could take the form of a joint transatlantic declaration on relations between the Twelve and the United States and Canada.

5. Uruguay Round

The European Council stressed that the successful conclusion of the Uruguay Round by December 1990 was a major priority for the Community. It emphasized the benefits for the peoples of the world by way of improved living standards that would flow from the gradual removal of barriers to multilateral free trade within the framework of strengthening the rules of the GATT. It reaffirmed the Community's determination to play a full and active part in the negotiations.

6. Africa

Southern Africa

The European Council adopted the declaration in Annex IV.

Sub-Saharan Africa

The European Council expressed its serious concern about sub-Saharan Africa. The economic situation in these countries, including debt, is worrying. The European Council, emphasizing the commitment of the Community and its Member States to the development of Africa, in particular through the Lomé Convention, declared its determination to pursue this further and also its support for progress in the observance of human rights and in sound government management in sub-Saharan Africa.

7. Middle East

The European Council adopted the declaration in Annex V.

8. Nuclear non-proliferation

The European Council adopted the declaration in Annex VI.

9. Iranian earthquake

The European Council adopted the declaration in Annex VII.

10. Cyprus

The European Council adopted the declaration in Annex VIII.

11. Kashmir

The European Council discussed the current tension between India and Pakistan over the question of Kashmir. The European Community and its Member States enjoy excellent relations with India and Pakistan. They welcome and encourage recent efforts to de-escalate

the state of tension between the two countries. They hope that such initial positive steps will lead to a fuller dialogue and a resolution of this problem in order that India and Pakistan can resume full and fruitful relations.

Greek economy

The European Council expressed its satisfaction with the initial measures adopted by the Greek government for the stabilization, modernization and development of the Greek economy and invites the Commission to examine, in close collaboration with the Greek government and the EcoFin Council, measures needed to ensure the successful restructuring of the Greek economy and its closer integration into the Community.

Presidency of the Commission

The European Council, in the presence of the President of the European Parliament who will consult the enlarged Bureau, agreed to renew the mandate of Mr Jacques Delors as President of the Commission for the period 1991 to 1992. It also agreed to renew the mandates of the present Vice-Presidents for the same period.

Seats of the institutions

After a debate on this question the European Council noted that the Presidency will submit a proposal for a definitive decision to the European Council in October 1990.

Terrorism

Following the most recent bombing outrage in London, the European Council renewed its categorical condemnation of all forms of terrorism and expressed its deep sympathy for the victims and their families.

Annex I

Political Union

1. Introduction

The European Council agreed at its meeting on 28 April 1990 that a point had been reached where the further dynamic development of the Community has become an imperative not only because it corresponds to the interest of the twelve Member States but also because it has become a crucial element in the progress that is being made in establishing a reliable framework for peace and security in Europe. The European Council confirmed in this context its commitment to political union and decided that Foreign Ministers should carry

out a detailed examination of the need for possible Treaty changes and prepare proposals for the European Council.

Written contributions have been submitted by Member States and ideas and suggestions compiled. Foreign Ministers carried out an examination and analysis of the issues at the meeting in May and June with a view to the debate in the European Council on the convening of an intergovernmental Conference on Political Union to define the necessary framework for transforming relations as a whole among the Member States into a European Union invested with the necessary means of action.

The result of this work is set out below.

2. The overall objective of Political Union

Political Union will need to strengthen in a global and balanced manner the capacity of the Community and its Member States to act in the areas of their common interests. The unity and coherence of its policies and actions should be ensured through strong and democratic institutions.

The Union will remain open to membership by other European states who accept its final goals, while developing closer relations with other countries in the spirit of the Rhodes declaration.

The transformation of the Community from an entity mainly based on economic integration and political cooperation into a Union of a political nature, including a common foreign and security policy, raises a number of general questions:

(a) Scope

- To what extent does the Union require further transfer of competence to the Community along with the provision of means necessary to achieve its objectives?
- How will the Union include and extend the notion of Community citizenship carrying with it specific rights (human, political, social, the right of complete free movement and residence, etc.) for the citizens of Member States by virtue of these States belonging to the Union?
- To what extent will other areas currently dealt with in intergovernment cooperation be included, such as aspects of free circulation of persons, the fight against drugs, police and judicial cooperation?

(b) Institutional aspects

- To what extent will new or changed institutional arrangements be required to ensure the unity and coherence of all the constituent elements of the European Union?

How should the role of the European Council, as defined in the Solemn Declaration on European Union and in the Single European Act, be developed in the construction of the Union?

(c) General principles

The following questions should be considered with regard to certain general principles which have been advanced:

- In the context of ensuring respect of national identities and fundamental institutions: how best to reflect what is not implied by Political Union?
- In the context of the application of the principle of subsidiarity: how to define it in such a way as to guarantee its operational effectiveness?

3. Democratic legitimacy

It is necessary to ensure that the principle of democratic accountability to which all Member States of the Community subscribe should be fully respected at Community level. The ongoing transfer of tasks to the Community and the corresponding increase in the power and responsibilities of its institutions require a strengthening of democratic control. This objective should be pursued through a range of measures, among which could be the following:

- increased involvement for the European Parliament in the legislative process, possibly including forms of co-decision in the field of external relations,
- increased accountability through reinforced control by the European Parliament over the implementation of agreed Community policies,
- a reinforcement of the democratic character of other institutions (e.g. the specific role of the European Parliament in the nomination of the President and Members of the Commission, greater transparency and openness in the working of the Community, etc.),
- greater involvement of the national Parliaments in the democratic process within the Union, in particular in areas where new competence will be transferred to the Union.

4. Efficiency and effectiveness of the Community and its institutions

The adequacy of the Community's response, and of that of its institutions, to the needs arising from the new situation as well as from the implementation of the internal market, the attainment of EMU, the achievement of the aims of the Single European Act, the development of new policies and the enhancement of the Community's international role (including its capacity to respond to the aspirations of countries who wish to see their relations with the Community strengthened), should be examined from two angles: firstly,

how to meet the challenges which the Community faces in an overall and balanced way; secondly, from the angle of the functioning of the institutions.

The questions of the functioning of the institutions should be examined at several operational levels, while respecting the general balance between institutions:

- the European Parliament: (cf. point 3 above);
- the Council: improving the decision-making process *inter alia* by enlarging the field covered by qualified majority voting; central coordination through the General Affairs Council; concentration and rationalization of Council work in general;
- the Commission: the number of its Members and strengthening of its executive role with regard to implementing Community policies;
- the Court of Justice: *inter alia* automatic enforceability of its judgements where relevant;
- the Court of Auditors: the strengthening of its role in ensuring sound financial management;
- Member States: ensuring the implementation and observance of Community law and European Court judgements.

In addition, consideration should be given to a review of the different types of legal instruments of the Community.

5. Unity and coherence of the Community's international action

In accordance with the conclusions reached by the European Council at Dublin on 28 April 1990, the Community will act as a political entity on the international scene.

The proposal for a common foreign and security policy which takes account of the common interests of the Member States, acting with consistency and solidarity, and which institutionally goes beyond political cooperation as it currently functions, raises a number of questions, in particular the following:

(a) Scope

- the integration of economic, political and security aspects of foreign policy,
- the definition of the security dimension,
- the strengthening of the Community's diplomatic and political action *vis-à-vis* third countries, in international organizations and in other multilateral fora,

- the evolution of the transfer of competence to the Union, and in particular the definition of priority areas where transfer would take place at an initial stage.

(b) Decision-making

- use of the Community method (in full or in adapted form) and/or a sui generis method bearing in mind the possibilities offered by the evolution over time of the degree of transfer of competence to the Union, referred to above,
- the Commission's role, including the faculty of launching initiatives and proposals,
- establishment of a single decision-making structure; central role of the General Affairs Council and the European Council in this context; preparatory bodies; the organization and strengthening of the Secretariat,
- modalities aimed at ensuring the necessary flexibility and efficiency to meet requirements of formulation of foreign policy in various areas; consideration of decision procedures including the consensus rule, voting practices involving unanimity with abstentions, and qualified majority voting in specific areas.

(c) Implementation

There is a recognized need for clear rules and modalities for the implementation of the common foreign policy; the following are to be examined in this context:

- role of the Presidency (and of the Troika), and of the Secretariat,
- role of the Commission,
- role of national diplomatic services in a strengthened collaboration.

Annex II

The environmental imperative

Declaration by the European Council

The natural environment which forms the life support system of our planet is gravely at risk. The earth's atmosphere is seriously threatened. The condition of water resources, including the seas and oceans, is causing concern, natural resources are being depleted and there is growing loss

of genetic diversity. The quality of life - indeed, the continuation of life could no longer be assured were recent trends to proceed unchallenged.

As Heads of State and Government of the European Community, we recognize our special responsibility for the environment both to our own citizens and to the wider world. We undertake to intensify our efforts to protect and enhance the natural environment of the Community itself and the world of which it is part. We intend that action by the Community and its Member States will be developed on a coordinated basis and on the principles of sustainable development and preventive and precautionary action. We have, therefore, adopted the following declaration setting out guidelines for future action.

The Community dimension

The obligations of the European Community and its Member States in the areas of environment protection are clearly defined in the Treaties. There is also an increasing acceptance of a wider responsibility, as one of the foremost regional groupings in the world, to play a leading role in promoting concerted and effective action at global level, working with other industrialized countries, and assisting developing countries to overcome their special difficulties. The Community's credibility and effectiveness at this wider level depends in large measure on the ability to adopt progressive environmental measures for implementation and enforcement by its Member States. The internal and external dimensions of Community environment policy are therefore inexplicably linked.

Completion of the internal market in 1992 will provide a major impetus to economic development in the Community. There must be a corresponding acceleration of effort to ensure that this development is sustainable and environmentally sound. In particular, the environmental risks inherent in greater production and in increased demand for transport, energy and infrastructure must be countered and environmental considerations must be fully and effectively integrated into these and all other policy areas.

The Community and the Member States must find effective solutions to all forms of pollution, including that created by the agricultural sector, and should support efforts to promote clean technology and nonpolluting processes and products in industry.

Better arrangements are also needed to protect the seas and coastal regions of Member States from the threat posed by the transport of oil and hazardous substances. This applies in particular to the marine waters to the west and south of the Community where new cooperation arrangements should be developed without delay, with the help of the Commission.

While welcome progress has been made in recent times in the adoption of environmental measures at Community level, much more needs to be done taking due account of the subsidiarity principle, the differing environmental conditions in the regions of the Community and the need for balanced and cohesive development of these regions. We urge the Council and the Commission to press ahead with their work on this basis. The forthcoming intergovernmental Conference should address ways of accelerating Community decisionmaking on environmental legislation with a view to providing the Community with the necessary capacity in all respects to respond to the urgency of the situation.

Community environmental legislation will only be effective if it is fully implemented and enforced by Member States. We therefore renew our commitment in this respect. To ensure transparency, comparability of effort and full information for the public, we invite the Commission to conduct regular reviews and to publish detailed reports on its findings. There should also be periodic evaluations of existing Directives to ensure that they are adapted to scientific and technical progress and to resolve persistent difficulties in implementation; such reviews should not, of course, lead to a reduced standard of environmental protection in any case.

Standards designed to ensure a high level of environmental protection will remain the cornerstone of Community environment policy. But the traditional 'command and control' approach should now be supplemented, where appropriate, by economic and fiscal measures if environmental considerations are to be fully integrated into other policy areas, if pollution is to be prevented at source, and if the polluter is to pay. We therefore call on the Commission to accelerate its work in this field and to present, before the end of 1990, proposals for a framework or guidelines within which such measures could be put into effect by the Member States in a manner consistent with the Treaties.

Implementation of Community environmental measures and the protection of the common European heritage can give rise to unequal burdens for individual Member States. In this context, we welcome the recent Envireg initiative, under which support from the Structural Funds will be provided for the management of hazardous wastes and the treatment of coastal waste water discharges. We invite the Commission to review the overall level of budgetary resources devoted to Community environment policy, currently disbursed through a number of separate funding mechanisms, and to submit its findings to the Council as soon as possible.

Global issues

The Community and its Member States have a special responsibility to encourage and participate in international action to combat global environmental problems. Their capacity to provide leadership in this sphere is enormous. The Community must use more effectively its position of moral, economic and political authority to advance international efforts to solve global problems and to promote sustainable development and respect for the global commons. In particular, the Antarctic deserves special protection as the last great unspoiled wilderness. The Community should also support efforts to built into international structures the capacity to respond more effectively to global problems.

Depletion of the ozone layer is a major cause for concern. The Community has already agreed to press for revision of the Montreal Protocol on substances which deplete the ozone layer so as to speed up considerably the complete elimination of these substances. It is also committed to the provision of additional financial and technical resources to assist developing countries in implementing the Protocol. We call on all the Contracting Parties to the Protocol to support these proposals and we call on States which have not already done so urgently to ratify or accede to the Protocol.

Recent scientific assessments show that manmade emissions are substantially increasing the atmospheric concentrations of greenhouse gases and that a businessasusual approach will lead to additional global warming in the decades to come. We urge all countries to

introduce extensive energy efficiency and conservation measures and to adopt as soon as possible targets and strategies for limiting emissions of greenhouse gases. We call on the Commission to expedite its proposals for concrete action and, in particular, measures relating to carbon dioxide emissions, with a view to establishing a strong Community position in preparation for the second World Climate Conference. The Community and its Member States will take all possible steps to promote the early adoption of a Climate Convention and associated protocols, including one on tropical forest protection.

We are gravely concerned at the continuing and rapid destruction of the tropical forests. We welcome the commitment of the new Government of Brazil to halt this destruction and to promote sustainable forest management. The Community and its Member States will actively support this process. We have asked the Commission to open discussions as a matter of urgency with Brazil and the other Amazonian Pact countries with a view to developing a concrete action programme involving the Community, its Member States and these countries. Elements for priority consideration should include debt for forest conservation exchanges; codes of conduct for timber importing industries; and the additional resources necessary to enable the forests to be preserved and managed on a sustainable basis, making optimal use of existing agencies and mechanisms. We appeal to other industrialized countries to join us in our efforts. In our own countries, we will work to protect the forests and to extend and strengthen programmes of afforestation.

Destruction of the tropical forests, soil erosion, desertification and other environmental problems of the developing countries can be fully addressed only in the context of North-South relationships generally. Nevertheless, the Community together with the Member States should play a major role in assisting these countries in their efforts to achieve long-term sustainable development. In this context, we welcome the provisions of the Fourth Lomé Convention under which increased assistance is to be given to ACP countries, at their request, in the field of population, environment and sustainable resource development. We also welcome the strategy set out in the Resolution on Environment and Development agreed by the Council on 29 May 1990, particularly in regard to the recognition of the need for additional resources to help deal with the environmental problems of developing countries. More generally, the cooperation agreements between the Community and the countries of Asia and Latin America falling outside the Lomé framework should increasingly emphasize our shared environmental concerns.

The environmental situation in Central and Eastern Europe presents special challenges. We endorse the agreement reached in Dublin on 16 June 1990 between the Environment Ministers of the Community and those of Central and Eastern Europe on the steps to be taken to improve the environment in Europe as a whole and in Central and Eastern Europe in particular. Remedial measures must be taken by these countries to clear up problems which have developed through years of neglect and to ensure that their future economic development is sustainable. They need the support of the Community and its Member States in order to achieve these objectives. Action already taken within the PHARE programme is encouraging but will need to be developed further, both in the context of the expanded G-24 programme and in the cooperation agreements between the Community and the countries of Central and Eastern Europe. We look forward also to the contribution to be made by the European Bank for Reconstruction and Development in this regard.

Personal attitudes and shared responsibilities

Increased public awareness and concern for environmental issues is one of the major developments of our time. We note with satisfaction the adoption of the Regulation to establish the European Environment Agency which will provide reliable and objective information on the state of the environment for the citizens of Europe.

Another important development is the adoption of the Directive on freedom of access to environmental information, which will greatly increase the availability of information to the public and will lead to the publication of regular state-of-the-environment reports. We invite the Member States to accompany these reports by national environment action plans, prepared in a form which will attract maximum public interest and support.

We urge Member States to take positive steps to disseminate environmental information widely among their citizens in order to build up more caring and more responsible attitudes, a greater understanding, based on sound scientific assessments, of the nature and causes of problems, and a better appreciation of the costs and other implications of possible solutions.

The development of higher levels of knowledge and understanding of environmental issues will facilitate more effective action by the Community and its Member States to protect the environment. The objective of such action must be to guarantee citizens the right to a clean and healthy environment, particularly in regard to:

- the quality of air,
- rivers, lakes, coastal and marine waters,
- the quality of food and drinking water,
- protection against noise,
- protection against contamination of soil, soil erosion and desertification,
- preservation of habitats, flora and fauna, landscape and other elements of the natural heritage,
- the amenity quality of residential areas.

The full achievement of this objective must be a shared responsibility. Problems cannot be resolved without concerted action. In each country, everyone (Government, public authorities, private undertakings, individuals and groups) must be fully involved. Acceptance at all levels of this concept must be promoted.

Mankind is the trustee of the natural environment and has the duty to ensure its enlightened stewardship for the benefit of this and future generations. Solidarity must be shown with the poorer and less developed nations.

We note with interest the conclusions of the Siena Forum on International Law of the Environment and suggest that these should be considered by the 1992 UN Conference on Environment and Development.

All of our decisions matter. The environment is dependent on our collective actions and tomorrow's environment depends on how we act today.

The European Council invites the Commission to use these principles and objectives as the basis of the Fifth Action Programme for the Environment and to present a draft of such a Programme in 1991.

Annex III

Declaration on anti-semitism, racism and xenophobia

The European Council expresses its deep revulsion at recent manifestations of anti-semitism, racism and xenophobia, particularly expressions of anti-semitism involving acts of desecration perpetrated against the dead, which are calculated to cause the utmost distress to the living. It is all the more distressing that such abominations should enjoy any currency precisely at a time when we are commemorating the end of the Second World War.

The European Council deplors all manifestations of these phenomena. It agrees that vigorous measures must be taken to combat them, whenever and wherever they appear in the Community. The Member States will assess the extent to which their national legislation must effectively be used in order to counter them.

The European Council has taken note of the fact that these problems are not restricted to the Member States of the Community. Comparable outrages have also occurred in recent times elsewhere in Europe.

The European Council also recalls the Declaration of the Community Institutions and the Member States against Racism and Xenophobia of 11 June 1986. It considers respect for the dignity of the human being and the elimination of manifestations of discrimination to be of paramount importance. Such manifestation, including expressions of prejudice directed against foreign immigrants, are unacceptable. The European Council underlines the positive contribution that workers from third countries have made and continue to make to the development of the Community as a whole.

Against this background, the European Council recalls the United Nations Convention on the Elimination of Racial Discrimination, the Council of Europe Declaration on Intolerance and ongoing work in the framework of the CSCE. The European Council supports action, notably in the context of the human dimension of the CSCE, to counter anti-semitism, racism, incitement to hatred and xenophobia. The importance which the Community and its Member States attach to this subject is illustrated by the proposals against racism and xenophobia made in their name, and by the initiatives on related issues taken by individual Member States at the current session of the CDH in Copenhagen.

Annex IV

Declaration on southern Africa

The European Council welcomes the important changes that have taken place in southern Africa since it met in Strasbourg.

The European Council warmly welcomes the successful conclusion of the process of bringing Namibia to independence with a constitution based on multi-party democracy and human rights. The European Community and its Member States will continue to give aid and support to the people of Namibia as they build their new country, in particular in the framework of the new Lomé Convention. They welcome the talks which have taken place between the Angolan Government and UNITA under Portuguese auspices. They look forward to the resolution of the conflict in Angola and also of that in Mozambique through dialogue.

The European Council greatly welcomes the significant changes that have taken place in South Africa in recent months: the release of Nelson Mandela and of other political prisoners; the unbanning of political organizations; the substantial lifting of the state of emergency; the commitment by the Government to abolish the apartheid system and to create a democratic and non-racial South Africa with the representatives of the majority.

They pay tribute to the parts played in bringing about these changes by President F. W. de Klerk and Mr N. Mandela. The efforts of President F. W. de Klerk to bring about a new era in South Africa are testimony to his foresight and courage. Mr N. Mandela, a prisoner for 27 years, has inspired millions of South Africans opposed to apartheid and thereby amply demonstrated his qualities of statesmanship, qualities that will be required in the challenging period ahead in South Africa.

The objective of the European Community and its Member States is the complete dismantlement of the apartheid system, by peaceful means and without delay, and its replacement by a united, non-racial and democratic state in which all people shall enjoy common and equal citizenship and where respect for universally recognized human rights is guaranteed. They welcome the joint commitment between the South African Government and the ANC in the Groote Schuur Minute to stability and a peaceful process of negotiations. They call on all parties in South Africa to endorse this objective. It is the intention of the European Community and its Member States to encourage, by every means available to them, the early opening of negotiations leading to the creation of a united, non-racial and democratic South Africa.

Negotiations on a new South Africa should get under way without delay. The substantial progress made towards removal of the obstacles represented by the state of emergency and the detention of political prisoners is welcome. The European Council looks forward to early agreement between the South African Government and the ANC on the conditions in which exiles can return and on the definition of political prisoners leading to their release. The European Council calls on all parties to remove the remaining obstacles to peaceful negotiations and to refrain from violence or advocacy of violence.

The European Council fully recognizes that a new post-apartheid South Africa should be able to avail itself of all the economic resources, including access to external finance, required to ensure its future prosperity and the full development of all its people. South Africa faces acute socio-economic problems, especially in the areas of employment, education and housing, against a background of a high rate of population growth. These problems have been greatly exacerbated by apartheid. Positive action is needed to rectify imbalances.

Through the programme of positive measures, the Community has, for a number of years, been providing assistance to the victims of apartheid. In the light of the recent developments in South Africa and as a strong signal of political support to those disadvantaged by apartheid and of the will to contribute to a new socio-economic balance, the Community intends to increase the funds being made available under its programme and to adapt the programme to the needs of the new situation, including those connected with the return and resettlement of exiles. It welcomes the positive attitude being displayed by all parties, including the new South African Government, to such programmes.

At its meeting in Strasbourg in December last, the European Council decided that the Community and its Member States would maintain the pressure that they exert on the South African authorities in order to promote the profound and irreversible changes which they have repeatedly stood for. The European Council affirms its willingness to consider a gradual relaxation of this pressure when there is further clear evidence that the process of change already initiated continues in the direction called for at Strasbourg.

The European Council holds the view that the new South Africa, which will have harnessed the full richness, not only of its physical, but also of its abundant human resources, has the potential to act as a stimulus for growth in the southern African region. The European Council looks forward to being able to welcome, in the near future, a new, democratic and economically prosperous South Africa as it takes its proper place as an African nation in the international community.

Annex V

Declaration on the Middle East

The European Council recalls its long-standing position of principle on the Arab-Israeli conflict in the Middle East. It is determined to encourage all efforts to promote dialogue between the parties directly concerned leading to the negotiation of a comprehensive settlement consistent with the principles it has set out, beginning with the Venice Declaration ten years ago and further developed since, notably in the Madrid Declaration. This settlement should be found in the framework of an international peace conference under the auspices of the United Nations with the participation of the PLO. The European Council expresses its support for every effort by the permanent members of the Security Council to create a climate of confidence between the parties and, in this way, to facilitate the convening of the international peace conference.

The European Council welcomes the commitment to continuing the peace process expressed in the letter to the President of the European Council from the Prime Minister of Israel. The European Council hopes that it will be followed in practice. It stresses the urgent need for Israel to

begin a political dialogue with the Palestinian people which could lead to a comprehensive, just and lasting settlement to the Arab-Israeli conflict. Such a settlement should be on the basis of Resolutions 242 and 338 of the Security Council based on the principle of 'land for peace'.

The European Council stresses that all parties have a responsibility to refrain from action or statements which might impede steps towards dialogue and negotiation. Those who would choose violent over peaceful means for achieving political objectives cannot be allowed to prevail. Neither the taking of human life, whatever the circumstances, nor violence against civilians can play any part in achieving peace and reconciliation.

Threats of war and of the use of weapons of mass destruction serve only to increase tension in the region and should be eschewed. The Community and its Member States have consistently condemned both threats and acts of violence in the region, whatever their origin. In such a delicate situation, all channels of dialogue and negotiation should be kept open.

The European Council is concerned that, by making territorial compromise ever more difficult, Israel's settlement policy in the Occupied Territories presents a growing obstacle to peace in the region. Reiterating that Jewish settlement in the territories occupied by Israel since 1967, including East Jerusalem, are illegal under international law, it calls earnestly on the Government of Israel not permit settlement there. The European Council recognizes and supports the right of Soviet Jews to emigrate to Israel and elsewhere. It is, however, firmly of the view that these rights must not be implemented at the expense of the rights of the Palestinians in the Occupied Territories.

Recent events underline once again that the status quo in the Occupied Territories is untenable. The lamentable position concerning the observance of human rights in the Occupied Territories has led the Community and its Member States to set out repeatedly their concern. They are resolved to step up their already significant support for the protection of the human rights of the population of the Occupied Territories.

In the present situation, and particularly with regard to the protection of the population, the UN, too, can and should play a useful role. The European Council supports such a role of the UN.

The European Council refers to the obligation on parties to the Geneva Convention relative to the protection of civilian persons in time of war to respect and to ensure respect for its provisions. The Twelve have repeatedly called on Israel to adhere to its obligations towards the Palestinian population in the territory under its occupation which is protected by that Convention. They have observed that it has notably failed to do so in a number of important areas. Concerned that the human rights of the population of the Occupied Territories continue to be inadequately protected, the European Council calls for further action, in accordance with the Convention, to ensure that protection.

The European Council has reviewed the range of actions taken on the basis of the Strasbourg Declaration in order to arrest the deterioration of the economic and social situation in the Occupied Territories and to help to preserve the future of Palestinian society. It notes with satisfaction the significant increase of Community aid, particularly in the 1990 programme of direct aid which is ready for adoption. It confirms its determination to double direct Community aid by 1992.

The European Council also expresses its satisfaction with the growth in exports of agricultural produce from the Occupied Territories to the Community. It invites the Community institutions

to take appropriate action for a rapid further improvement of the conditions of access to the Community market for Palestinian products and to examine further possibilities for increasing trade between the Community and the Occupied Territories.

As an expression of the importance which the European Council attaches to facilitating the speedy and efficient implementation of the Community's expanding programme for the benefit of the population of the Occupied Territories, the Commission is invited to appoint a representative to the Occupied Territories for this purpose at an early date.

Annex VI

Declaration on nuclear non-proliferation

The European Council strongly supports and is fully committed to the objective of nuclear non-proliferation. It believes that the further spread of nuclear weapons or other nuclear explosive devices would endanger stability and threaten regional and global security. The European Council attaches the greatest importance to the maintenance of an effective international nuclear non-proliferation regime and will make every effort to contribute to strengthening non-proliferation and encouraging the participation of further countries in the regime. The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) is an important element in that regime. The twelve Member States of the European Community, parties to the NPT or not, will work actively to secure a successful outcome to the discussions which will take place in the forthcoming months, and in particular the deliberations of the Fourth Review Conference of the NPT, and hope that those discussions will provide stable and assured solutions to the problems encountered by the international community in preventing the spread of nuclear weapons. The European Council expresses its concern that there is a continuing risk that further countries may acquire nuclear weapons and that a number of countries remain outside the non-proliferation regime. It calls on all states to join in efforts to eliminate this risk of nuclear proliferation.

The European Council recognizes the indispensable role played by the IAEA and its safeguards in the development of the peaceful uses of nuclear energy. It recognizes that these safeguards are the cornerstone of an effective non-proliferation regime. The European Council reaffirms the need for the peaceful application of nuclear energy to take place under credible, effective and efficient international safeguards. In this connection, it recalls the important contribution of Euratom safeguards. For their part, the twelve Member States of the Community have accepted, in accordance with their respective individual status, the exercise of international controls on their nuclear installations and apply constraints to their export policies. The European Council strongly supports the application of safeguards on as universal a basis as possible. It calls on other States to subscribe to similar commitments.

The European Council believes in the need for an equitable and stable framework for international nuclear trade. The twelve Member States of the European Community have collectively adhered to the Nuclear Suppliers Group Guidelines, thereby assuming a basic common discipline for their nuclear exports. The European Council expresses the hope that other countries will conduct their nuclear export policies on a similar basis. Within the framework of guidelines for nuclear trade, the European Council wishes to cooperate with all countries, especially developing countries. While maintaining and further developing the existing non-proliferation regime, the Eu-

European Council will work to uphold the right of all countries to the development of research, production and use of nuclear energy for peaceful purposes.

In a context where several countries in various regions of the world perceive an increasing role for nuclear energy, the European Council believes that the development of the peaceful uses of nuclear energy should be inseparable from necessary action to eliminate the risk of proliferation of nuclear arms, and should be accompanied by the utmost attention to safety. In that regard the twelve Member States of the Community have proposed that the IAEA convene a technical Conference in 1991, to review the situation in the field of nuclear safety as well as to formulate recommendations on further measures for improving safety in order to supplement existing measures in this field.

The European Council reaffirms once again its support for the objective of the non-proliferation of nuclear weapons and will continue to work in a spirit of dialogue and cooperation in order to enlarge the international consensus in favour of an effective non-proliferation regime.

Annex VII

Declaration on the Iranian earthquake

The European Council expresses its profound sympathy to the Government and people of the Islamic Republic of Iran at the terrible loss of life, injuries and devastation caused by the earthquake in northwest Iran on 21 June.

The Community and its Member States wish to give all possible assistance to the victims of this disaster. They have already begun a substantial programme of relief and will give every consideration to immediate further aid and to reconstruction assistance.

The European Council conveys the deep sympathy of the people of the European Community to the injured and condolences to those families and friends who have been bereaved.

Annex VIII

Declaration on Cyprus

The European Council discussed the Cyprus question in the light of the impasse in the inter-communal dialogue.

The European Council, deeply concerned at the situation, fully reaffirms its previous declarations and its support for the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant UN resolutions.

Reiterating that the Cyprus problem affects EC-Turkey relations and bearing in mind the importance of these relations, it stresses the need for the prompt elimination of the obstacles that are preventing the pursuit of effective inter-communal talks aimed at finding a just and viable solution to the question of Cyprus on the basis of the mission of good offices of the Secretary General, as it was recently reaffirmed by Resolution 649/90 of the Security Council.

Session of the European Council

Rome, 27 and 28 October 1990

Conclusions

The European Council heard a statement from Mr Baron, President of the European Parliament, on the main topics on the agenda for the meeting. In his opening address, President Andreotti also welcomed Germany's recovery of its national unity and congratulated Chancellor Kohl and Foreign Minister Genscher on the decisive roles they had played in this historic event which they saw as consciously helping to accelerate European integration.

I. Progress towards European Union

At this crucial time for Community integration, the European Council has decided to take a further step towards European unity.

The European Council held a detailed discussion, on the basis of the reports submitted by the Presidency, on the state of preparation of the two intergovernmental Conferences on Political Union and Economic and Monetary Union to open in December of this year and to proceed simultaneously, in accordance with the timetable set in Dublin.

1. Conference on Political Union

The European Council expressed its appreciation of the report from the Presidency and of the Commission's opinion pursuant to Article 236 of the Treaty, which constitute substantial contributions to future proceedings. The European Council confirmed the will progressively to transform the Community into a European Union by developing its political dimension, strengthening its capacity for action and extending its powers (*) to other supplementary sectors of economic integration which are essential for convergence and social cohesion. European Union will be the culmination of a progressive process agreed by common accord among the Member States; it will evolve with due regard being paid to national identities and to the principle of subsidiarity, which will allow a distinction to be made between matters which fall within the Union's jurisdiction and those which must remain within national jurisdiction. In accordance with the democratic tradition of all Member States, and to increase the democratic legitimacy of the Union, the progress of the Community towards European Union must be accompanied by the development of the European Parliament's role in the legislative sphere (*) and with respect to the monitoring

of the activities of the Union, which, together with the role of the national Parliaments, will underpin the democratic legitimacy of the Union. This same requirement will be met by **defining European citizenship (*)**, to be additional to citizenship of a Member State, as well as by taking account, in accordance with appropriate procedures, of the particular interests of the regions. At the same time, efforts will be made to strengthen the other institutions within a balanced framework by developing the instruments and procedures which have hitherto guaranteed the Community's success. The tasks of the European Council and of the General Affairs Council will also be adjusted in line with these new responsibilities. In the sphere of foreign policy, the European Council recorded **consensus on the objective of a common foreign and security policy (*)** to strengthen the identity of the Community and the coherence of its action on the international scene, both of which must be capable of meeting new challenges and commensurate with its responsibilities. The Community's international action will be open to the world and will give a significant role to development policy. The Community will also strengthen its links with the other European countries for which ever closer cooperation structures must be sought geared to their individual circumstances. The European Council noted the need to review the procedures and mechanisms for preparing, adopting and implementing decisions where foreign policy is concerned, so as to increase the coherence, speed and effectiveness of the Community's international action. The European Council considers that no aspect of the Union's external relations will in principle be excluded from the common foreign policy. The European Council noted that there was a consensus to **go beyond the present limits in regard to security (*)**. The content and detailed rules for the role of the Union in the security sphere will have to be defined gradually in the light of the various aspects covered by this concept and without prejudice to the obligations arising out of the security arrangements to which Member States are party. The European Council requests the Foreign Affairs Ministers to continue the preparatory work leading up to the opening of the intergovernmental Conference. The Presidency will report on this work and will take account of the opinions of the European Parliament and the Commission.

(*) On these points the United Kingdom delegation prefers not to pre-empt the debate in the intergovernmental Conference

2. Conference on Economic and Monetary Union

The European Council in Madrid fixed the date for the start of the first phase of Economic and Monetary Union; in Strasbourg and Dublin it set the timetable for the intergovernmental Conference and the ratification of its results. It now notes with satisfaction the important developments that have occurred in the wake of these decisions.

The European Council takes note of the results of the preparatory work that constitutes the basis for the intergovernmental Conference. For the final phase of Economic and Monetary Union eleven Member States consider that the work on the amendment of the Treaty will be directed to the following points:

- for Economic Union, an open market system, that combines price stability with growth, employment and environmental protection; and is dedicated to sound and sustainable financial and budgetary conditions and to economic and social cohesion. To this end, the ability to act of the Community institutions will be strengthened;

- for Monetary Union, the creation of a new monetary institution comprising Member States' central banks and a central organ, exercising full responsibility for monetary policy. The monetary institution's prime task will be to maintain price stability; without prejudice to this objective, it will support the general economic policy of the Community. The institution as such, as well as the members of its Board, will be independent of instructions. It will report to the institutions which are politically responsible. With the achievement of the final phase of Economic and Monetary Union, exchange rates will be irrevocably fixed. The Community will have a single currency - a strong and stable ecu - which will be an expression of its identity and unity. During the transitional phase, the ecu will be further strengthened and developed.

The second phase will start on 1 January 1994 after:

- the single market programme has been achieved;
- the Treaty has been ratified; and, by its provisions:
 - a process has been set in train designed to ensure the independence of the members of the new monetary institution at the latest when monetary powers have been transferred;
 - the monetary financing of budget deficits has been prohibited and any responsibility on the part of the Community or its Member States for one Member State's debt precluded;
- the greatest possible number of Member States have adhered to the exchange rate mechanism.

The European Council recalls that, in order to move on to the second phase, further satisfactory and lasting progress towards real and monetary convergence will have to be achieved, especially as regards price stability and the restoration of sound public finances. At the start of the second phase, the new Community institution will be established. This will make it possible, in particular:

- to strengthen the coordination of monetary policies;
- to develop the instruments and procedures needed for the future conduct of a single monetary policy;
- to oversee the development of the ecu.

At the latest within three years from the start of the second phase, the Commission and the Council of the monetary institution will report to the EcoFin Council and to the General Affairs Council on the functioning of the second phase and in particular on the progress made in real convergence, in order to prepare the decision concerning the passage to the third phase, which will occur within a reasonable time. The General Affairs Council will submit the dossier to the European Council. The Treaty may lay down transitional

provisions for the successive stages of economic and monetary union according to the circumstances of the different countries.

The United Kingdom is unable to accept the approach set out above. But it agrees that the overriding objective of monetary policy should be price stability, that the Community's development should be based on an open market system, that excessive budget deficits should be avoided, and that there should be no monetary financing of deficits nor the assumption of responsibility on the part of the Community or its Member States for one Member State's debts.

The United Kingdom, while ready to move beyond stage one through the creation of a new monetary institution and a common Community currency, believes that decisions on the substance of that move should precede decisions on its timing. But it would be ready to see the approach it advocates come into effect as soon as possible after ratification of the necessary Treaty provision.

3. Organization of conferences

Both intergovernmental Conferences will open on 14 December 1990. Arrangements for the organization of the Conferences will be as set out in Annex I.

II. Relations with the USSR

The European Council heard a preliminary report from the Commission following talks with the Soviet Government, held pursuant to its mandate from the European Council in Dublin, with a view to drawing up proposals on short-term credit and longer-term support to be given to structural reforms.

The European Council stressed the importance attaching to the success of the reforms undertaken by the Government of the Soviet Union. The European Council expressed the will that the Community should make a substantial, concrete contribution to the success of these efforts by means of cooperation in various areas. The Commission was instructed to submit, before the next European Council meeting, proposals for the decisions to be taken. Should any situation requiring emergency action arise before that date, the Council will take whatever decisions are required on the basis of proposals from the Commission.

The European Council stressed the importance of close cooperation between the Community, the competent international organizations and the other countries wishing to support the endeavours of the Soviet Government. The European Council accordingly asked the Commission to put forward proposals for a major commercial, scientific and technical cooperation agreement with the USSR.

III. Central and East European countries

1. Cooperation

The European Council noted with satisfaction the progress made in the development of cooperation between the Community and the countries of Central and Eastern Europe in the general context of the activities of the Group of 24 and the PHARE programme. It also noted the prospects offered by the new association agreements which will help to further cooperation in all areas - economic, financial, cultural and political - between these countries and the Community.

The European Council is aware of the Community's special responsibility towards these countries at a time when their efforts to achieve structural adjustment, together with the transition to a market economy, are meeting with additional difficulties due to external economic disturbances, affecting in particular their financial position. The European Council considers that, in these circumstances, the Community has a duty to help to consolidate and develop the general process of reform being undertaken in these countries, notably by playing its part in the stabilization of their financial situation.

In this context the European Council hoped that the economic reforms and democratic developments in Yugoslavia would meet with success within the framework of increased respect for human rights and the preservation of the country's unity and territorial integrity.

2. Emergency aid

Among the numerous urgent problems arising in Central and Eastern Europe, the European Council, in response to a submission from the Hungarian Government, expressed its solidarity with Hungary's efforts to solve its acute economic problems and to steer its transformation into a market-oriented economy.

It reaffirms its determination strongly to support Hungary on its path towards democracy, stability and economic development, which implies the refusal of violence and respect for legality. In this context, the European Community and its Member States will help Hungary to overcome its problems, in particular in the field of energy supplies, in the framework of the G-24. They will also endeavour to make bilateral assistance available at short notice, especially through the disbursement of the second tranche of the EC loan.

IV. Gulf crisis and the Middle East

The European Council discussed the Gulf Crisis and the situation in the Middle East and adopted the declarations in Annexes II and III.

V. CSCE

The European Council adopted the declaration in Annex IV.

VI. Relations with the United States and Canada

The European Council was informed of the progress of talks with the United States and Canadian authorities on drafts of joint declarations on relations with the United States and with Canada. The question will be examined again by the General Affairs Council on 12 November 1990.

VII. Uruguay Round

The European Community remains firmly committed to making a full contribution to a positive outcome of the Uruguay Round within the time-scale laid down at the Brussels ministerial meeting. This, combined with the efforts which the Community expects of its partners, will strengthen the multilateral system of free trade, and thus maintain and foster world-wide prosperity, which is particularly necessary to combat the economic dangers linked with the Gulf crisis. The European Council requests the Council to adopt an agreement enabling the Community's agricultural offer to be submitted to the Contracting Parties.

Annex I

Organization of the Conferences

The composition of national delegations will be decided on by the respective Governments. The Commission will be invited to take part with its own representative. In accordance with the conclusions of the Dublin European Council of 25 and 26 June 1990, the necessary coherence in the work of the two Conferences will be ensured by the Foreign Ministers. The Foreign Ministers will be assisted by their personal representatives at the Conference on Political Union and those representatives may also participate in the work of the Conference on Economic and Monetary Union. The President of the Commission will also designate his own representative.

Consistency and parallel progress in proceedings will also be ensured by means of regular contacts between the President of the Commission and the Presidency of the two Conferences (Conference on Political Union and Conference on Economic and Monetary Union). Interinstitutional meetings will be held during the Conferences. In addition to the regular contacts between the Chairman of the Conference, the President of the Commission and the President of the European Parliament, the latter may ask to address the Conference before the start of some of its meetings.

The Secretary General of the Council will take the necessary steps to provide secretarial services for the two Conferences.

Annex II

Declaration on the Gulf crisis

The European Council expresses its deep concern at the continuing deadlock in the Gulf crisis, with the persistent violation of international legality by Iraq, and in particular the prolonged and destructive occupation of Kuwait, the oppression and deportation of its population, the holding of foreign hostages and the repeated violations of conventions governing diplomatic relations. Such acts cannot be tolerated. The Community and its Member States attach the highest priority to the solution of this crisis, on the basis of the UN Security Council resolutions, and reaffirm that no solution is possible without the prior implementation of these resolutions.

The European Council demands that Iraq immediately, completely and unconditionally withdraw its forces from Kuwait, that the legitimate government of Kuwait be restored and that all foreign citizens who so desire be allowed to leave Iraq and Kuwait.

The European Council, in accordance with the relevant resolutions of the UN Security Council, condemns the Iraqi practice of holding foreign nationals as hostages and keeping some of them in strategic sites. It reminds Iraq of its international obligations in this respect and holds the Iraqi government fully responsible for their safety. The Member States of the European Community reaffirm their total solidarity in achieving the freedom of all foreign citizens trapped in Iraq and Kuwait and denounce the unscrupulous use which Iraq is making of them with the sole and vain purpose of trying to divide the international community. They unreservedly condemn this manoeuvre which, carried out in contempt of the most basic humanitarian rules, can only complicate prospects for a solution to the crisis. They affirm their determination not to send representatives of their governments in any capacity to negotiate with Iraq the release of foreign hostages and to discourage others from doing so. They ask the Security Council to continue its efforts to achieve the immediate departure of all hostages and they encourage the Secretary General to send a special representative to Iraq to this end.

The European Council also demands that, in accordance with the Vienna Convention, Iraq permit the free and unhindered departure of diplomats accredited to Kuwait who are at present prevented from leaving Iraq.

The European Council expresses its satisfaction at the high degree of consensus among all members of the UN Security Council and the international community as a whole on the above principles. It believes that such a consensus needs to be preserved in order for a peaceful solution to the crisis to be achieved. The Community and its Member States are determined scrupulously to adhere to the embargo and to the other measures decided by the Security Council and call on all other States to act in the same way. They are also prepared to consider additional steps consistent with the UN Charter.

The Presidency will notify the text of this declaration to the Iraqi Government.

Annex III

Declaration on the Middle East

- I. The European Council expresses its deep dismay at the continuing violence in Lebanon. It hopes that a process of national reconciliation will effectively develop in that country. It reaffirms its strong support for the implementation of the Taif Agreements, which must be carried out by all concerned as soon as possible, thus bringing about the full restoration of the sovereignty, independence, unity and territorial integrity of a Lebanon free of all foreign troops. The European Council calls on all parties in Lebanon to take part in this process and to cooperate with a view to the immediate restoration of conditions preventing the recurrence of such violence. The Community and its Member States will continue to support that process fully and stand ready to participate in the reconstruction of the country.

- II. The European Council reaffirms its long-standing commitment to a just solution to the other problems of the region and the determination of the Community and its Member States to spare no efforts to that end. In this context, it intends to work for a comprehensive, just and lasting settlement of the Arab-Israeli conflict and the Palestinian problem in conformity with the relevant resolutions of the UN Security Council and the principles set out by the Community in its previous declarations.

To this end, it repeats once again its support for the principle of the convening, at an appropriate time, of an international peace conference.

The lack of any progress in the search for a peaceful settlement of the Arab-Israeli conflict is a source of deep concern to the Community and its Member States, who are determined to encourage all efforts to promote dialogue between the parties directly concerned. The European Council welcomes UN Security Council Resolutions 672 and 673, reaffirms its support for the role the UN can and should play in protecting the rights of the Palestinian people and calls once more on Israel to meet its obligations under the Fourth Geneva Convention on the protection of civilians and to cooperate with the United Nations.

The tragic events that have occurred in Jerusalem show once more that the status quo in the Occupied Territories is unsustainable. Just as the Community and its Member States deplored those events, so they express the same feelings concerning the tragic acts of violence committed against Israeli citizens. Reminding all concerned that violence breeds violence, they repeat their appeal for calm and restraint.

- III. The European Council welcomes the normalization of the relations between the Community and its Member States and the Islamic Republic of Iran.
- IV. The European Council believes that all opportunities should be taken for the solution of the conflicts in the region. It is convinced that relations of trust and co-operation must be fostered among the countries of the region so as to establish a situation of stability, security, economic and social welfare and respect for civil and political rights, to prevent the recurrence of crises, to curb the arms race and to prevent the proliferation of weapons of mass destruction. The Community and its Member States are ready to cooperate with the countries concerned in the search for principles, rules and structures to that end and to contribute to the success of the task entrusted by relevant resolutions to the UN Secretary General to examine measures to enhance security and stability in the region.
- V. Just and lasting solutions to the different problems of the region can only contribute towards strengthening the historical links between Europe and the countries of the Middle East and giving full meaning to the role that the Arab world should play in the international community.

Annex IV

Declaration on CSCE

The European Council reaffirms the essential role of the CSCE process - which brings together the peoples and governments of Europe, the United States and Canada - in the transformation of the continent. In this perspective the summit in Paris will provide a historic opportunity to continue to build, on the basis of the dynamic achievements of the CSCE, a democratic, peaceful and united Europe. For this purpose the Community and its Member States have submitted in Vienna a comprehensive range of proposals.

The European Council considers that every effort should be made to ensure that the substance of the document for the summit in Paris adequately reflects the historical significance of that event. The Community and its Member States will continue to contribute fully to this work. The Community and its Member States will, by signing the Document of the Summit, subscribe to all the commitments therein.

Session of the European Council

Rome, 14 and 15 December 1990

Conclusions

The European Council heard a statement by the President of the European Parliament on the situation in the Community and the Parliament's views on the questions to be discussed at the two intergovernmental Conferences.

On the eve of the opening of the two Conferences on EMU and Political Union and following the recent CSCE meeting in Paris, the European Council held an in-depth discussion on the Community's internal development and on the contribution it plans to make to shaping the new face of Europe.

With regard to its internal development the Heads of State and of Government expressed their determination to complete the large single market within the periods laid down, to continue strengthening economic and social cohesion and to define the stages in the process of transforming the Community into a Political Union which will act as a focus of stability in Europe.

For the European Council, the Community's internal development is closely linked with the adoption of an open approach to the world in general and, in particular, with its resolve to cooperate ever more closely with the other European countries. This cooperation must today be expressed in particular by showing active solidarity with the USSR and the countries of Central and Eastern Europe in their efforts to overcome the difficulties they are experiencing.

The European Council adopted the following conclusions:

Political Union

The European Council notes with satisfaction all the preparatory work which is to serve as a basis for the intergovernmental Conference on Political Union.

The Union will be based on the solidarity of its Member States, the fullest realization of its citizens' aspirations, economic and social cohesion, proper balance between the responsibilities of the individual States and the Community and between the roles of the institutions, coherence of the overall external action of the Community in the framework of its foreign, security, economic and

development policies and of its efforts to eliminate racial discrimination and xenophobia in order to ensure respect for human dignity.

Without prejudice to other subjects raised by Governments or by the Commission in the preparatory work, the European Council asks the Conference to give particular attention to the following:

1. Democratic legitimacy

In order to strengthen the role of the European Parliament, the European Council asks the Conference to consider the following measures:

- extension and improvement of the cooperation procedure;
- extension of the procedure for assent to international agreements which require unanimous approval by the Council;
- involvement of the European Parliament in the appointment of the Commission and its President;
- increased powers on budget control and financial accountability;
- closer monitoring of the implementation of Community policies;
- consolidation of the rights of petition and enquiry as regards Community matters.

The European Council also discussed further-reaching reforms on the role of the European Parliament and asks the Conference to consider developing co-decision procedures for acts of a legislative nature, within the framework of the hierarchy of Community acts.

Consideration should be given to arrangements allowing national Parliaments to play their full role in the Community's development.

The European Council notes the particular importance which some Member States attach to:

- the adoption of arrangements that take account of the special competence of regional or local institutions as regards certain Community policies;
- the need to consider suitable procedures for the consultation of such institutions.

2. Common foreign and security policy

The European Council welcomes the broad agreement on basic principles concerning the vocation of the Union to deal with aspects of foreign and security policy, in accordance

with a sustained evolutive process and in a unitary manner, on the basis of general objectives laid down in the Treaty.

The common foreign and security policy should aim at maintaining peace and international stability, developing friendly relations with all countries, promoting democracy, the rule of law and respect for human rights, encouraging the economic development of all nations, and should also bear in mind the special relations of individual Member States.

To this end, the Conference will in particular address the Union's objectives, the scope of its policies and the means of fostering and ensuring their effective implementation within an institutional framework.

Such an institutional framework would be based on the following elements:

- one decision-making centre, namely the Council;
- harmonization and, where appropriate, unification of the preparatory work; a unified Secretariat;
- a reinforced role for the Commission, through a non-exclusive right of initiative;
- adequate procedures for consulting and informing the European Parliament;
- detailed procedures ensuring that the Union can speak effectively with one voice on the international stage, in particular in international organizations and vis-à-vis third countries.

The following elements should be considered as a basis for the decision-making process:

- the rule of consensus in defining general guidelines; in this context, non-participation or abstention in the voting as a means of not preventing unanimity;
- the possibility of recourse to qualified-majority voting for the implementation of agreed policies.

As regards common security, the gradual extension of the Union's role in this area should be considered, in particular with reference, initially, to issues debated in international organizations: arms control, disarmament and related issues; CSCE matters; certain questions debated in the United Nations, including peace-keeping operations; economic and technological cooperation in the armaments field; coordination of armaments export policy, and non-proliferation.

Furthermore, the European Council emphasizes that, with a view to the future, the prospect of a role for the Union in defence matters should be considered, without prejudice to Member States' existing obligations in this area, bearing in mind the importance of maintaining and strengthening the ties within the Atlantic alliance and without prejudice to the traditional positions of other Member States. The idea of a commitment by Member

States to provide mutual assistance, as well as proposals put forward by some Member States on the future of Western European Union, should also be addressed.

3. European citizenship

The European Council notes with satisfaction the consensus among Member States that the concept of European citizenship should be examined.

It asks the Conference to consider the extent to which the following rights could be enshrined in the Treaty so as to give substance to this concept:

- civil rights: participation in elections to the European Parliament in the country of residence; possible participation in municipal elections;
- social and economic rights: freedom of movement and residence irrespective of engagement in economic activity; equality of opportunity and of treatment for all Community citizens;
- joint protection of Community citizens outside the Community's borders.

Consideration should be given to the possible institution of a mechanism for the defence of citizens' rights as regards Community matters ('ombudsman').

In the implementation of any such provisions, appropriate consideration should be given to particular problems in some Member States.

4. Extension and strengthening of Community action

The European Council notes that there is a wide recognition of the need to extend or redefine the Community's competence in specific areas.

It asks the Conference to bear in mind, *inter alia*, the following areas:

- the social dimension, including the need for social dialogue;
- economic and social cohesion among the Member States;
- improved protection of the environment in order to ensure sustainable growth;
- the health sector and in particular the combating of major diseases;
- a research effort commensurate with the development of the Community's competitive capacity;
- an energy policy aiming at greater security and efficiency, bearing also in mind cooperation in the whole of Europe;

- providing the Community with major infrastructures, in order also to permit the completion of a trans-European network;
- safeguarding the diversity of the European heritage and promoting cultural exchanges and education.

It should also be considered whether and how activities currently conducted in an intergovernmental framework could be brought into the ambit of the Union, such as certain key areas of home affairs and justice, namely immigration, visas, asylum and the fight against drugs and organized crime.

The European Council agrees on the importance of the principle of subsidiarity, not only when considering the extension of Union competence, but also in the implementation of Union policies and decisions.

The European Council stresses the fact that the Union must have at its disposal all the necessary resources to achieve the objectives that it sets and to carry out the resulting policies.

5. Effectiveness and efficiency of the Union

The European Council discussed how to ensure the effectiveness and efficiency of the Union's institutions.

It agreed that the essential role that the European Council has played over recent years in creating fundamental political momentum will continue. The Conference will consider whether the Community's development towards the Union necessitates an accentuation of this role.

Regarding the Council, the extension of majority voting will be examined by the Conference, including the possibility of making it the general rule with a limited number of exceptions.

Regarding the Commission, the European Council emphasized that extending the responsibilities of the Union must be accompanied by a strengthening of the Commission's role and in particular of its implementing powers so that it may, like the other institutions, help to make Community action more effective.

As for the Community's other institutions and organs, the Conference will examine the question of how to improve their effectiveness and efficiency in the light of the suggestions presented by those institutions and by Member States.

Economic and Monetary Union

The European Council takes note of the Report by the Committee of Governors of the Central Banks, of the draft statute, and of the draft Treaty on Economic and Monetary Union submitted by the Commission.

The European Council notes that the intergovernmental Conferences on Political Union and Economic and Monetary Union will open in Rome on 15 December 1990. The Conferences will take due account of the opinions given by the European Parliament and by the Commission under Article 236 of the Treaty.

The European Council confirms that the work of the two Conferences will proceed in parallel and should be concluded rapidly and at the same time. The results will be submitted for ratification simultaneously with the objective of ratification before the end of 1992.

The European Council takes note of the President's report on his discussions with the European Parliament concerning, *inter alia*, the contacts between the Conferences and the European Parliament.

The European Council decides to take the fullest account of the European Parliament's views during the intergovernmental Conferences and at the time of their conclusion.

Internal Market

The European Council took note of the Commission report on the progress made towards completion of the internal market.

The report shows that the main features of the large European internal market are now present. The credibility which the project has thereby acquired has given rise to a feeling of anticipation on the part of economic operators who, in their turn, are helping to speed up the process.

On the subject of indirect taxation, the European Council took note of the results recently achieved. As regards VAT and excise duties, it considers that proceedings must be completed in the near future and be accompanied by the approximation necessary to satisfy the requirements of a true internal market.

All the advantages of the large market will fully emerge only if it is supported by a major transport, energy and telecommunications infrastructure network. The European Council welcomed the Commission proposal in this area.

The European Council invites the Council, the Commission, the European Parliament and the Member States to make every effort to ensure that all the measures concerning the internal market and embodied in the programme annexed to the Commission communication are adopted in 1991. Since the time available is short, it requests that an assessment be made of the work that remains to be done. The European Council undertakes to take every useful initiative to ensure that the deadline of 1 January 1993 is met.

It underlines the importance of timely implementation and adequate enforcement of agreed measures and notes with satisfaction that the measures taken by the Commission and the Member States to effect the full and rapid incorporation of the directives into national law have made it possible to reduce the delay that has occurred.

Free movement of persons

The European Council noted with regret that a delay has occurred in relation to the programme. It considers it necessary to give full scope to the provisions of the Single Act on the free movement of persons. It wants the necessary decisions, in particular on the crossing of external borders, to be taken at an early date to ensure that the 1 January 1993 deadline is met.

The European Council invites the Commission to submit, on the basis of information to be provided by the Member States, the study which has been announced on measures designed to reinforce the infrastructure necessary for controls at external borders.

The European Council took note of the reports on immigration and asks the General Affairs Council and the Commission to examine the most appropriate measures and actions regarding aid to countries of emigration, entry conditions and aid for social integration, taking particular account of the need for a harmonized policy on the right of asylum.

Transport policy

Harmonization of conditions of competition

The European Council noted the Commission's latest proposals, which address certain aspects of the problem (excise duties on fuel, taxes, tolls). It asks the Council to reach decisions by 30 June 1991.

Netherlands memorandum

Having taken note of the Transport Council's report on this matter, the European Council requests the Commission and the Council to take the necessary decisions to ensure that the deadline of 1 January 1993 is met. The European Council stresses the importance of making progress on the other aspects of the common transport policy (relationship with the environment, social aspects and major infrastructures).

Situation of peripheral countries

The European Council calls for special heed to be paid to the situation of the peripheral countries in the context of the common transport policy.

The social dimension

The European Council referred to the need, in the context of European integration, to give equal weight to social aspects and to economic aspects. The establishment of the large single market must result in a genuine improvement in employment and in the living and working conditions of all Community citizens.

The European Council stresses the importance of pressing ahead more actively with the application of the action programme for the implementation of the Social Charter.

This applies in particular to the proposals on health protection and safety at work, which should be adopted without delay in order to ensure that the Community's legislation in the essential area of social protection is complete.

With regard to the other proposals on working conditions and industrial relations (including non-standard employment), vocational training, free movement of workers, the information and consultation of workers and equal treatment for men and women, the European Council requests that proceedings be speeded up, starting with the matters on which rapid progress is possible. It asks that in each case the solutions sought should be those which best serve the spirit of the Social Charter, taking account of the respective responsibilities of the Community, the Member States and the social partners, the aim of creating and developing employment and the need to respect the different customs and traditions of the Member States in the social area.

The European Council emphasizes the importance of the family as an essential aspect of solidarity and social cohesion. It also stresses the importance of the support which young people can bring to European integration and hopes that Community action in both these areas will be extended.

Combating drugs and organized crime

The European Council notes the considerable importance attaching to the systematic and sustained strengthening of the action taken by the Community and its Member States to combat drugs and organized crime.

It asks the bodies responsible to ensure rapid implementation of the programme drawn up by Celad, with particular regard to the objective of reducing demand for drugs. It asks the Council to reach an agreement at its meeting on 17 December on money laundering and expresses the wish that a swift decision should be taken on the principle of a European Drug Monitoring Centre.

The European Council considers that policies towards third countries must take account of the objective of combating drugs.

The role of Celad should be to encourage and coordinate Member States' action at international level.

External relations

Relations with European countries

The European Council held an in-depth discussion on the Community's relations with other European countries, including the USSR, which are especially important at a time when the groundwork for the new structure of Europe is being established, in particular in the context of the CSCE.

The European Council adopted conclusions on relations with the USSR and relations with the countries of Central and Eastern Europe and these are to be found in Part 2 of the present conclusions.

Relations with the EFTA countries

Given the political importance of the negotiations with these countries, the European Council hopes that the meeting at Ministerial level on 19 December 1990 will enable decisive progress to be made towards the conclusion of negotiations next spring.

Other third countries

Mediterranean policy

The European Council notes with satisfaction the progress made in redirecting Mediterranean policy, which involves *inter alia* Community support for structural adjustments. It asks the Council to complete its discussions as quickly as possible so that negotiations on the Financial Protocols can be opened.

Relations with the countries of Latin America

The European Council stresses the importance of relations between the Community and the Member States of the Rio Group, as well as the other countries of Latin America. It hopes that the Ministerial Conference to be held in Rome on 20 December 1990 will add a new dimension to its political and economic ties.

Relations with the ACP countries

The European Council notes with satisfaction both the entry into force of the new Convention of Lomé at the beginning of next year and the planned signing on 19 December 1990 concerning the accession of Namibia to the Convention of Lomé. The European Council takes note of the recent Commission communication concerning relief of the ACP countries' debt to the Community and requests a swift examination of that communication by the appropriate bodies in accordance with international strategy for debt management.

GATT

The European Council regrets the developments which have occurred in the Uruguay Round negotiations. It stresses that only a global approach based on balanced concessions made by all participants will enable the negotiations to be brought to a successful conclusion. The European Council points out that the aim of the negotiations is to strengthen the open multilateral trading system, so as to make possible the further development of world trade, the extension of the system to new sectors and the introduction of a mechanism for the

settlement of disputes which prohibits recourse to unilateral action and on the contrary ensures the application of common rules.

The European Council asks all parties concerned to show the political will needed to resolve these problems and to endeavour to seek constructive solutions to the problems outstanding. The European Council calls upon the Commission as negotiator to step up its contacts with all the participants in order to conclude a balanced agreement covering all sectors in the shortest possible time.

Gulf crisis and the Middle East

The European Council discussed the Gulf Crisis and the situation in the Middle East and adopted the declarations in Annex I, II and III.

South Africa

The European Council examined the way the situation in South Africa is developing and adopted the declaration given in Annex IV.

Annex I

Declaration on the Gulf crisis

1. The European Community and its Member States remain firmly committed to full implementation of the UN Security Council resolutions. Complete Iraqi withdrawal from Kuwait and the restoration of Kuwaiti sovereignty and of its legitimate government remain the absolute conditions for a peaceful solution of the crisis.
2. Security Council Resolution 678 sends the clearest possible signal to Iraq that the international community is determined to ensure full restoration of international legality. The responsibility lies on the Iraqi government to ensure peace for its people by complying fully with the demands of the UN Security Council, in particular by a complete withdrawal from Kuwait by 15 January.
3. The European Community and its Member States earnestly hope that implementation of the UN Security Council resolutions can be peacefully secured. To this end, they support a dialogue of the sort President Bush has offered. They also favour action by the UN Secretary General and hope that the UN Security Council's permanent members will remain actively involved as well. They wish Arab countries to continue to play an important role in the efforts for a peaceful solution. The European Community and its Member States underline the value of a contact between the Presidency and the Foreign Minister of Iraq.

aimed at securing, in coordination with other members of the international community, full compliance with UN Security Council resolutions.

4. The European Council expresses relief at Iraq's decision to release all foreign hostages, but underlines its deep concern at Iraq's failure to withdraw, at its oppressive and inhuman occupation of Kuwait and its attempt to destroy the fabric of the country.

Annex II

Declaration on the Middle East

1. The European Council expresses its dismay at the continuing lack of clear prospects for a solution to the Arab-Israeli conflict and to the Palestinian problem, and at the renewed acts of terrorism and violence. It expresses its deep concern at the rising incomprehension and tension in the Occupied Territories. It renews its call to the parties concerned to refrain from violence that can only engender new violence. It expresses its concern about the Israeli practices of collective reprisals, such as the destruction of houses or restrictions on freedom of movement, and deplores the recent decision to place moderate Palestinians under administrative arrest.

The European Council calls once again on Israel to comply with Resolutions 672 and 673 of the UN Security Council, to act in conformity with its obligations under the Fourth Geneva Convention on the protection of the civilian population, and to cooperate with the United Nations. It welcomes the recommendations by the UN Secretary General in this regard and fully supports every effort of the UN Security Council to achieve a better protection of the Palestinian population and to promote peace in the area. It reaffirms the determination of the European Community and its Member States to further assist the Palestinian population in its serious plight.

2. The European Council reiterates its longstanding commitment to a just and lasting solution to these problems, in conformity with the relevant resolutions of the UN Security Council and with the principles expressed by the European Community in its previous declarations. To this end, the European Council reaffirms its support for the principle of convening, at an appropriate time, an international peace conference under the auspices of the UN.
3. The serious deterioration in the economic situation in the Occupied Territories is a source of great concern to the Community. In this connection, the European Council reaffirms its commitment to the economic and social development of the Palestinian people and considers that, in the new circumstances, the doubling of Community aid to the Occupied Territories decided on by the Strasbourg European Council appears particularly appropriate and timely.

The European Council also considers it vital for all efforts to be made to create the conditions for facilitating and increasing trade between the Occupied Territories and the Community.

4. As expressed in its declaration of 28 October 1990, the European Council remains convinced that relations of mutual confidence and cooperation must be encouraged among the countries of the region, with a view to establishing a situation of stability, security, economic and social well-being, and respect for civil and political rights, to forestalling the recurrence of crises, and to preventing the spread of weapons of mass destruction. The European Community and its Member States remain ready actively to cooperate with the concerned countries to achieve these goals and to contribute to the success of the task entrusted by relevant resolutions to the UN Secretary General to examine measures to enhance security and stability in the region. In this connection, the European Council reaffirms the importance of a meaningful and constructive Euro-Arab dialogue.

Annex III

Declaration on Lebanon

The European Council expresses its satisfaction at the implementation of the security plan in greater Beirut following the withdrawal of all militias from the Lebanese capital. It expresses the hope that the recent developments can foster the process of national reconciliation and lead to the full implementation of the Taif Agreements, thus bringing about the restoration of the sovereignty, independence, unity and territorial integrity of a Lebanon free of all foreign troops and enabling the Lebanese people to express their will through free elections.

It appeals to the parties concerned to release all remaining hostages.

The European Community and its Member States reaffirm their commitment to help provide Lebanon with the assistance needed to build its future and view favourably the participation of the Community in the pledging conference for the creation of a Lebanese Assistance Fund.

Annex IV

Declaration on South Africa

The Community and its Member States have consistently followed developments in South Africa with the greatest attention and have given a favourable reception to the initiatives which have been taken to bring about the abolition of apartheid and the establishment of a united, non-racial, and democratic South Africa. They have already expressed approval of the results of the

talks between the Government and the ANC, in particular those of the Pretoria meeting in August which opened the way to the negotiation of a new Constitution.

They deplore the phase of serious violence through which South Africa is passing which may endanger these developments. They welcome, however, further indications serving to confirm that the process of change already begun is going ahead in the direction advocated by the Strasbourg European Council. They have decided to continue to encourage this process.

Against this background, the European Council has decided that as soon as legislative action is taken by the South African Government to repeal the Group Areas Act and the Land Acts, the Community and its Member States will proceed to an easing of the set of measures adopted in 1986.

As of now, so as to contribute to combating unemployment and improving the economic and social situation in South Africa, and to encourage the movement under way aimed at the complete abolition of apartheid, the European Council has decided to lift the ban on new investments.

At the same time, the Community and its Member States, with the objective of sending a clear signal of political support to the victims of apartheid, and intending to contribute to a new economic and social balance in South Africa, have agreed to strengthen the programme of positive measures and to adapt it to the requirements of the new situation, including requirements related to the return and resettlement of the exiles.

The Community and its Member States hope in this way to be able to contribute to the speeding up of the process under way through sending to all the parties involved in negotiation a concrete sign of support for the establishment of a new South Africa, united, non-racial, and democratic, and capable of resuming the place which it deserves in the international community.

Relations with the USSR

1. The European Council fully supports the reforms undertaken by the President and the competent authorities of the Union. In order to contribute to their success, it has adopted the following guidelines for the short, medium and long term on the basis of a Commission statement:
2. In order to satisfy the urgent food and health requirements reported by the authorities of the Union, the Community will be making available to the USSR food aid up to an amount of ECU 750 million, 250 million of which will be in the form of gifts under the 1990 farm budget. The rest will be in the form of a medium-term loan guarantee in accordance with the procedures laid down by the EcoFin Council on 17 December. This aid will be routed in accordance with arrangements to be finalized with the authorities of the Union guaranteeing that the aid actually reaches those for whom it is intended and does not jeopardize the gradual advance towards normality of supplies in accordance with market rules. Such aid will commence as soon as possible and will continue in 1991 under the conditions as stated above, in the light of developing requirements.

3. Regarding the re-organization and rehabilitation of the Soviet economy, the European Council feels that the Community's role must, above all, be to cooperate with the USSR in order to help it to mobilize its own resources.

The Community will provide as soon as possible technical assistance in the fields of public and private management, financial services, energy, transport and foodstuffs distribution. With reference to the energy sector, technical assistance should give priority to nuclear safety, energy saving, electricity, gas and oil transport systems and the administrative and legal framework.

Technical assistance will be the subject of a practical programme geared to specific projects and will be eligible for overall support of ECU 400 million in 1991 and a sum yet to be determined in 1992, to be released in tranches as projects actually materialize.

In the case of longer-term economic relations in sectors of common interest essential for the development of the Soviet economy, such as energy, telecommunications, transport and the agri-foodstuffs industry, the European Council requests the Commission to propose the instruments and framework for effective cooperation, with due regard for the ideas put forward by the Netherlands, Italy and the United Kingdom.

With regard, more generally, to energy and on the basis in particular of the proposals from the Netherlands Prime Minister and the Commission, the European Council deemed it necessary to institute long-term cooperation in Europe, in order to increase security of supplies, to optimize the exploitation of resources and investment, improve networks, increase trade and ensure more rational use of energy, which - in the light, particularly, of joint responsibility for the environment - will greatly benefit the whole of Europe.

The European Council hopes that an international conference can be organized in 1991 to prepare a Pan-European Energy Charter.

4. The Commission is requested to explore with the Soviet authorities the idea of a major agreement between the Community and the USSR, encompassing a political dialogue and covering all aspects of close economic cooperation and cooperation in the cultural sphere, with a view to concluding such an agreement as quickly as possible and certainly by the end of 1991.
5. The Community's endeavours in the context of cooperation with the Soviet Union support the objective of the Government of the Union of achieving its gradual integration into the world economy. The Community and its Member States will use their influence to facilitate the USSR's membership of international financial institutions, in particular the IMF, which must form the main framework for macro-economic assistance.

The European Council would like the present provisions of the EBRD, which limit the possibility of aid grants for the USSR, to be examined.

6. The European Council stresses the importance of effective coordination by the Commission of the efforts made by the Community and its Member States acting individually, including efforts in the field of credits granted to ensure the urgent provision of supplies to Soviet industry.
7. The European Council would like cooperation with the USSR to be given priority by the Council, the Commission and the European Parliament. In particular, all the necessary measures including budgetary decisions, will have to be decided on in time to make it possible for food aid to begin early in 1991 and to enable the Commission to make the necessary arrangements to implement technical assistance as quickly as possible.

Countries of Central and Eastern Europe

Right from the start the Community has adopted a clear policy of helping the countries of Central and Eastern Europe to succeed with their political and economic reforms. This policy involves actions and initiatives within the framework of the Group of 24 and bilateral cooperation with each of the countries concerned. The Community hopes to conclude 'European agreements' as quickly as possible and these will mark a new stage in the Community policy of developing increasingly close relations with those countries.

The general process of reform embarked on with the help of such support is being threatened, however, by external disturbances and constraints arising from, *inter alia*, the Gulf crisis, which are very seriously affecting their financial situation.

The European Council agreed that initiatives will be taken, within the framework of the Group of 24 in particular, to meet the financing requirements of those countries which are not covered by public or private contributions and which are estimated at 4 000 million dollars.

The Community initiative could take the form of financing over and above that provided by international financial institutions, which would be subject to a time limit and to which the Community and the Member States would contribute, together with the other countries of G-24 and possibly other third countries. Such aid would be conditional. It would be subject to agreement with the IMF and would be granted on a case-by-case basis, with the proviso that it met the real needs and specific conditions of each country in such a way as to ensure maximum effectiveness.

The European Council noted, moreover, that at its meeting on 17 December 1990 the Eco-Fin Council would adopt the second tranche of ECU 260 million granted to Hungary to support its balance of payments. In addition it confirmed that in the context of G-24 the Community would support the programme undertaken by Czechoslovakia to stabilize and modernize its economy and to make its currency convertible.

The European Council decided on emergency aid of ECU 100 million in the form of food and medicinal products for Bulgaria and Romania. In addition, the European Council called for urgent examination of the problem arising for these countries because of the risk of interruption of their oil supplies. The countries estimated their immediate requirements at approximately ECU 150 million.

The European Council asked the Council to press ahead with examination of the proposals on credit insurance for exports to the countries of Central and Eastern Europe, tabled by the Commission in line with the conclusions of the Dublin European Council on 28 April 1990.

Finally, the European Council stated that it was following recent developments in Albania with great interest, and it expressed the hope that that country would gradually move towards democracy.

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Dublin.....	28 April 1990
Dublin.....	25-26 June 1990

FAROE ISLANDS

Copenhagen.....	14-15 December 1973
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FISHERIES

Brussels.....	12-13 July 1976
Dublin.....	29-30 November 1979
Luxembourg.....	27-28 April 1980
Venice.....	12-13 June 1980
Maastricht.....	23-24 March 1981
Copenhagen.....	03-04 December 1982
Fontainebleau.....	25-26 June 1984

FREEDOM TO PROVIDE SERVICES

Brussels.....	21-22 March 1983
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FREE MOVEMENT OF GOODS

Copenhagen..... 07-08 April 1978

FREE MOVEMENT OF PERSONS

Hanover 27-28 June 1988

Rhodes..... 02-03 December 1988

Madrid..... 26-27 June 1989

Strasbourg 08-09 December 1989

Dublin..... 25-26 June 1990

Rome 14-15 December 1990

FUNDAMENTAL RIGHTS

Copenhagen..... 07-08 April 1978

GATT (General Agreement on Tariffs and Trade)

Paris..... 19-21 October 1972

Paris..... 09-10 December 1974

Bremen..... 06-07 July 1978

Brussels 28-29 June 1982

Copenhagen..... 03-04 December 1982

Luxembourg..... 02-03 December 1985

Madrid..... 26-27 June 1989

Strasbourg 08-09 December 1989

Dublin..... 25-26 June 1990

Rome 27-28 October 1990

Rome 14-15 December 1990

GERMAN DEMOCRATIC REPUBLIC*(see also CENTRAL AND EASTERN EUROPE)*

Strasbourg 08-09 December 1989

Dublin..... 28 April 1990

Dublin..... 25-26 June 1990

GULF CRISIS

- Rome..... 27-28 October 1990
- Rome..... 14-15 December 1990

GULF STATES

- Rome..... 27-27 October 1990

GREECE

- Dublin..... 29-30 November 1979
- Brussels..... 29-30 March 1982
- Stuttgart 17-19 June 1983
- Dublin..... 25-26 June 1990

HOURS OF WORK

- Dublin..... 29-30 November 1979
- Luxembourg 29-30 June 1981
- Copenhagen 03-04 December 1982
- Brussels..... 21-22 March 1983
- Stuttgart 17-19 June 1983

HUMAN RIGHTS (Statement on -)

- Strasbourg..... 08-09 December 1989

HUNGARY

(see CENTRAL AND EASTERN EUROPE)

HUNGER IN THE WORLD

- Dublin..... 03-04 December 1984
- Brussels..... 29-30 March 1985
- Milan..... 28-29 June 1985

IMPs*(see INTEGRATED MEDITERRANEAN PROGRAMMES)***INDIA**

Dublin..... 25-26 June 1990

INDOCHINA

Strasbourg 21-22 June 1979

INDUSTRIAL INNOVATION*(see also INDUSTRIAL, SCIENTIFIC AND TECHNOLOGICAL POLICY)*

Luxembourg..... 01-02 December 1980

Brussels 29-30 March 1982

Brussels 28-29 June 1982

Copenhagen..... 03-04 December 1982

Brussels 21-22 March 1983

Stuttgart 17-19 June 1983

INDUSTRIAL, SCIENTIFIC AND TECHNOLOGICAL COOPERATION*(see INDUSTRIAL, SCIENTIFIC AND TECHNOLOGICAL POLICY)***INDUSTRIAL, SCIENTIFIC AND TECHNOLOGICAL POLICY**

Bonn 17-19 July 1961

The Hague 01-02 December 1969

Paris..... 19-21 October 1972

Copenhagen..... 14-15 December 1973

Maastricht..... 23-24 March 1981

Brussels 28-29 June 1982

Copenhagen..... 03-04 December 1982

Brussels 21-22 March 1983

Stuttgart 17-19 June 1983

Dublin..... 03-04 December 1984

Brussels 29-30 March 1985

Milan 28-29 June 1985

Luxembourg	02-03 December 1985
The Hague.....	26-27 June 1986
London.....	05-06 December 1986
Brussels.....	29-30 June 1987
Madrid	26-27 June 1989
Strasbourg.....	08-09 December 1989
Dublin	25-26 June 1990

INTEGRATED MEDITERRANEAN PROGRAMMES (IMPs)

Stuttgart	17-19 June 1983
Brussels.....	19-20 March 1984
Dublin.....	03-04 December 1984
Brussels.....	29-30 March 1985

INTERGOVERNMENTAL CONFERENCE ON AMENDING THE TREATIES

Milan.....	28-29 June 1985
Madrid	26-27 June 1989
Strasbourg.....	08-09 December 1989
Dublin	28 April 1990
Dublin	25-26 June 1990
Rome.....	27-28 October 1990
Rome.....	14-15 December 1990

INTERINSTITUTIONAL AGREEMENT

Brussels.....	11-12 February 1988
Hanover	27-28 June 1988

INTERNAL MARKET

Luxembourg	29-30 June 1981
London.....	26-27 November 1981
Brussels.....	29-30 March 1982
Copenhagen	03-04 December 1982
Brussels.....	21-22 March 1983
Stuttgart	17-19 June 1983

Dublin.....	03-04 December 1984
Brussels.....	29-30 March 1985
Milan.....	28-29 June 1985
Luxembourg.....	02-03 December 1985
The Hague.....	26-27 June 1986
London.....	05-06 December 1986
Hanover.....	27-28 June 1988
Rhodes.....	02-03 December 1988
Madrid.....	26-27 June 1989
Strasbourg.....	08-09 December 1989
Dublin.....	28 April 1990
Dublin.....	25-26 June 1990
Rome.....	14-15 December 1990

INTERNATIONAL ATOMIC ENERGY AGENCY

Strasbourg.....	21-22 June 1979
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INTERNATIONAL MONETARY FUND

Paris.....	19-21 October 1972
Rome.....	25-26 March 1977
London.....	29-30 June 1977
Bremen.....	06-07 July 1978
Dublin.....	29-30 November 1979

INTERNATIONAL MONETARY SYSTEM

Paris.....	19-21 October 1972
Copenhagen.....	14-15 December 1973
Brussels.....	16-17 July 1975
Bremen.....	06-07 July 1978
Brussels.....	04-05 December 1978
Paris.....	12-13 March 1979
Strasbourg.....	21-22 June 1979
Luxembourg.....	27-28 April 1980
Venice.....	12-13 June 1980

Luxembourg	01-02 December 1980
Brussels.....	29-30 March 1982
Copenhagen.....	03-04 December 1982

INTERNATIONAL TERRORISM

Brussels.....	12-13 July 1976
The Hague.....	29-30 November 1976
Copenhagen.....	07-08 April 1978
Dublin.....	03-04 December 1984
London.....	05-06 December 1986
Hanover.....	27-28 June 1988
Dublin.....	25-26 June 1990

INTERNATIONAL TRADE

Paris.....	19-21 October 1972
Paris.....	09-10 December 1974
Bremen.....	06-07 July 1978
Venice.....	12-13 June 1980
Luxembourg.....	01-02 December 1980
Brussels.....	28-29 June 1982
Copenhagen.....	03-04 December 1982
Brussels.....	21-22 March 1983

INVESTMENT

London.....	29-30 June 1977
Dublin.....	29-30 November 1979
Brussels.....	28-29 June 1982
Brussels.....	21-22 March 1983
Stuttgart.....	17-19 June 1983
Milan.....	28-29 June 1985

IRAN

Dublin.....	29-30 November 1979
Luxembourg.....	27-28 April 1980

Brussels	28-29 June 1982
Brussels	21-22 March 1983
Dublin.....	03-04 December 1984

IRAQ

Brussels	28-29 June 1982
Brussels	21-22 March 1983
Dublin.....	03-04 December 1984
Rome	27-28 October 1990
Rome	14-15 December 1990

IRELAND

Rome	29-30 May 1967
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IRON AND STEEL INDUSTRY

Dublin.....	10-11 March 1975
Rome	25-26 March 1977
Brussels	05-06 December 1977
Luxembourg.....	29-30 June 1981
Brussels	28-29 June 1982
Stuttgart.....	17-19 June 1983

ISRAEL

(see *MIDDLE EAST*)

JAPAN

Paris.....	19-21 October 1972
Copenhagen.....	14-15 December 1973
Brussels	16-17 July 1975
The Hague	29-30 November 1976
Rome	25-26 March 1977
Brussels	05-06 December 1977

Copenhagen	07-08 April 1978
Paris	12-13 March 1979
Strasbourg	21-22 June 1979
Luxembourg	01-02 December 1980
Luxembourg	29-30 June 1981
Brussels	29-30 March 1982
Copenhagen	03-04 December 1982
Milan	28-29 June 1985
London	05-06 December 1986
Dublin	28 April 1990

JORDAN

(see also *MIDDLE EAST*)

Luxembourg	01-02 December 1980
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LATIN AMERICA

Copenhagen	14-15 December 1973
Brussels	28-29 June 1982
Stuttgart	17-19 June 1983
The Hague	26-27 June 1986
Hanover	27-28 June 1988
Madrid	26-27 June 1989
Strasbourg	08-09 December 1989
Dublin	28 April 1990
Rome	14-15 December 1990

LAW AND ORDER

(see also *LEGAL COOPERATION, EUROPEAN LEGAL AREA*)

Rome	01-02 December 1975
Brussels	05-06 December 1977

Copenhagen.....	07-08 April 1978
London.....	05-06 December 1986

LEBANON*(see also MIDDLE EAST)*

Copenhagen.....	07-08 April 1978
Bremen.....	06-07 July 1978
Luxembourg.....	27-28 April 1980
Venice.....	12-13 June 1980
Luxembourg.....	01-02 December 1980
Maastricht.....	23-24 March 1981
Luxembourg.....	29-30 June 1981
Copenhagen.....	03-04 December 1982
Brussels.....	21-22 March 1983
Stuttgart.....	17-19 June 1983
Dublin.....	03-04 December 1984
Rhodes.....	02-03 December 1988
Strasbourg.....	08-09 December 1989
Rome.....	14-15 December 1990

LEGAL COOPERATION*(see also EUROPEAN LEGAL AREA, LAW AND ORDER)*

Rome.....	01-02 December 1975
Brussels.....	05-06 December 1977
Copenhagen.....	07-08 April 1978
London.....	05-06 December 1986

LOME*(see CONVENTION OF)***LUXEMBOURG AGREEMENT**

Paris.....	09-10 December 1974
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MAGHREB*(see also MEDITERRANEAN STATES)*

Madrid	26-27 June 1989
Strasbourg	08-09 December 1989
Rome	14-15 December 1990

MANDATE OF 30 MAY

Venice	12-13 June 1980
Luxembourg	01-02 December 1980
Maastricht	23-24 March 1981
Luxembourg	29-30 June 1981
Brussels	29-30 March 1982

MARINE POLLUTION*(see also ENVIRONMENT)*

Copenhagen	07-08 April 1978
Bremen	06-07 July 1978
Luxembourg	27-28 April 1980

MARLIA PROCEDURE

Paris	09-10 December 1974
Rome	01-02 December 1975
Luxembourg	01-02 December 1980

MEDITERRANEAN COUNTRIES

Copenhagen	14-15 December 1973
Brussels	05-06 December 1977
Paris	12-13 March 1979

MEDITERRANEAN STATES*(see also MAGHREB)*

Madrid	26-27 June 1989
Strasbourg	08-09 December 1989

MERGER OF INSTITUTIONS

Rome 29-30 May 1967

MIDDLE EAST

Copenhagen..... 14-15 December 1973
 London 29-30 June 1977
 Copenhagen..... 07-08 April 1978
 Bremen 06-07 July 1978
 Luxembourg..... 27-28 April 1980
 Venice 12-13 June 1980
 Luxembourg..... 01-02 December 1980
 Maastricht..... 23-24 March 1981
 Luxembourg..... 29-30 June 1981
 Brussels 29-30 March 1982
 Brussels 28-29 June 1982
 Copenhagen..... 03-04 December 1982
 Brussels 21-22 March 1983
 Stuttgart 17-19 June 1983
 Brussels 19-20 March 1984
 Dublin..... 03-04 December 1984
 Copenhagen..... 04-05 December 1987
 Hanover..... 27-28 June 1988
 Rhodes..... 02-03 December 1988
 Madrid..... 26-27 June 1989
 Strasbourg 08-09 December 1989
 Dublin..... 25-26 June 1990
 Rome 27-28 October 1990
 Rome 14-15 December 1990

MILK

London 26-27 November 1981

MONETARY COMPENSATORY AMOUNTS (MCAs)

Brussels 05-06 December 1977

Brussels.....	04-05 December 1978
Fontainebleau	25-26 June 1984
Brussels.....	29-30 June 1987

MONETARY COOPERATION

The Hague.....	01-02 December 1969
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MONNET (Homage to -)

Luxembourg	01-02 April 1976
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MOZAMBIQUE

(see also SOUTHERN AFRICA)

Strasbourg.....	08-09 December 1989
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MUTUAL RECOGNITION OF DIPLOMAS

Brussels.....	21-22 March 1983
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NAMIBIA

(see also SOUTHERN AFRICA)

Copenhagen	07-08 April 1978
Bremen.....	06-07 July 1978
Venice	12-13 June 1980
Luxembourg	29-30 June 1981
Hanover	27-28 June 1988
Strasbourg.....	08-09 December 1989

NCI

(see NEW COMMUNITY INSTRUMENT)

NEW COMMUNITY INSTRUMENT (NCI)

Brussels.....	05-06 December 1977
Copenhagen	07-08 April 1978

Brussels	04-05 December 1978
Copenhagen.....	03-04 December 1982

NEW COMMUNITY POLICIES

Paris.....	09-10 December 1974
Stuttgart.....	17-19 June 1983

NEW TECHNOLOGIES

Brussels	29-30 March 1982
Brussels	28-29 June 1982
Copenhagen.....	03-04 December 1982
Brussels	21-22 March 1983
Stuttgart.....	17-19 June 1983
Dublin.....	03-04 December 1984
Brussels	29-30 March 1985
Milan	28-29 June 1985

NEW ZEALAND

Dublin.....	10-11 March 1975
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NORTH-SOUTH DIALOGUE

Rome	01-02 December 1975
The Hague	29-30 November 1976
Rome	25-26 March 1977
Copenhagen.....	07-08 April 1978
Bremen.....	06-07 July 1978
Luxembourg.....	27-28 April 1980
Venice	12-13 June 1980
Maastricht.....	23-24 March 1981
Luxembourg.....	29-30 June 1981
Brussels	29-30 March 1982
Stuttgart.....	17-19 June 1983

OECD (Organization for Economic Cooperation and Development)

Copenhagen	14-15 December 1973
Venice	12-13 June 1980
Brussels	29-30 March 1982
Stuttgart	17-19 June 1983
Brussels	11-12 February 1988
Dublin	28 April 1990

ORGANIZATION OF THE EUROPEAN COUNCIL

(see EUROPEAN COUNCIL)

ORGANIZATION OF THE EUROPEAN SUMMIT

(see EUROPEAN SUMMIT)

OWN RESOURCES

Strasbourg	21-22 June 1979
Dublin	29-30 November 1979
Luxembourg	27-28 April 1980
Venice	12-13 June 1980
Stuttgart	17-18 June 1983
Athens	05-06 December 1983
Brussels	19-20 March 1984
Fontainebleau	25-26 June 1984
Brussels	29-30 June 1987
Brussels	11-12 February 1988

PAKISTAN

Dublin	25-26 June 1990
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PASSPORT UNION

(see EUROPEAN PASSPORT)

PEOPLE'S EUROPE (Ad hoc Committee on a -)

Fontainebleau	25-26 June 1984
Dublin.....	03-04 December 1984
Brussels	29-30 March 1985
Milan	28-29 June 1985
The Hague	26-27 June 1986
Hanover.....	27-28 June 1988
Rhodes.....	02-03 December 1988
Madrid.....	26-27 June 1989

PLO*(see also MIDDLE EAST)*

Copenhagen.....	14-15 December 1973
Venice	12-13 June 1980
Madrid.....	26-27 June 1989

POLAND*(see also CENTRAL AND EASTERN EUROPE)*

Luxembourg.....	01-02 December 1980
Maastricht.....	23-24 March 1981
London	26-27 November 1981
Copenhagen.....	03-04 December 1982
Stuttgart.....	17-19 June 1983
Madrid.....	26-27 June 1989
Strasbourg	08-09 December 1989

POLITICAL UNION

Dublin.....	28 April 1990
Dublin.....	25-26 June 1990
Rome	27-28 October 1990
Rome	14-15 December 1990

PORTUGAL

Brussels	16-17 July 1975
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London.....	26-27 November 1981
Copenhagen.....	03-04 December 1982
Brussels.....	11-12 February 1988

PROTECTION OF THE ENVIRONMENT

(see ENVIRONMENT)

RACISM

Dublin.....	25-26 June 1990
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RAW MATERIALS

Copenhagen.....	14-15 December 1973
Dublin.....	10-11 March 1975
Brussels.....	16-17 July 1975
Bremen.....	06-07 July 1978
Venice.....	12-13 June 1980

REGIONAL POLICY

Paris.....	19-21 October 1972
Copenhagen.....	14-15 December 1973
Paris.....	09-10 December 1974
Brussels.....	05-06 December 1977
Copenhagen.....	07-08 April 1978
Rhodes.....	02-03 December 1988

RESEARCH

(see INDUSTRIAL, SCIENTIFIC AND TECHNOLOGICAL POLICY)

RESTRUCTURING OF COMMUNITY POLICIES

(see MANDATE OF 30 MAY)

RHODESIA

Luxembourg 01-02 April 1976

RIGHT OF ESTABLISHMENT

Brussels 21-22 March 1983

ROMANIA*(see CENTRAL AND EASTERN EUROPE)***SAFETY AT SEA**

Bremen 06-07 July 1978

SAUDI ARABIA

Paris 12-13 March 1979

SEAT OF THE INSTITUTIONS

Maastricht 23-24 March 1981

Dublin 25-26 June 1990

SHEEPMEAT

Dublin 29-30 November 1979

Luxembourg 27-28 April 1980

SHIPBUILDING

Brussels 05-06 December 1977

SINGLE EUROPEAN ACT

Luxembourg 02-03 December 1985

London 05-06 December 1986

Brussels 29-30 June 1987

Hanover 27-28 June 1988

Rhodes 02-03 December 1988

Madrid 26-27 June 1989

Strasbourg.....	08-09 December 1989
Dublin.....	25-26 June 1990

SMALL AND MEDIUM-SIZED UNDERTAKINGS (SMUs)

London.....	05-06 December 1980
Brussels.....	29-30 March 1985
Luxembourg	02-03 December 1985
London.....	05-06 December 1986

SOCIAL POLICY

(see also ECONOMIC AND SOCIAL SITUATION)

The Hague.....	01-02 December 1969
Paris	19-21 October 1972
Copenhagen	14-15 December 1973
Paris	12-13 March 1979
Dublin.....	29-30 November 1979
Luxembourg	27-28 April 1980
Venice.....	12-13 June 1980
Luxembourg	01-02 December 1980
Brussels.....	28-29 June 1982
Copenhagen	03-04 December 1982
Stuttgart	17-18 June 1983
Fontainebleau	25-26 June 1984
Dublin.....	03-04 December 1984
Brussels.....	29-30 March 1985
Luxembourg	02-03 December 1985
The Hague.....	26-27 June 1986
Brussels.....	29-30 June 1987
Hanover	27-28 June 1988
Rhodes	02-03 December 1988
Madrid	26-27 June 1989
Strasbourg.....	08-09 December 1989
Dublin.....	25-26 June 1990
Rome.....	14-15 December 1990

SOUTH AFRICA (see also SOUTHERN AFRICA)

Bremen	06-07 July 1978
Hanover	27-28 June 1988
Madrid	26-27 June 1989
Strasbourg	08-09 December 1989
Dublin	25-26 June 1990
Rome	14-15 December 1990

SOUTHERN AFRICA

(see also ANGOLA, NAMIBIA, MOZAMBIQUE, SOUTH AFRICA)

Bremen	06-07 July 1978
Luxembourg	29-30 June 1981
Strasbourg	08-09 December 1989
Dublin	25-26 June 1990
Rome	14-15 December 1990

SPAIN

Luxembourg	01-02 April 1976
Maastricht	23-24 March 1981
Copenhagen	03-04 December 1982
Brussels	21-22 March 1983
Stuttgart	17-19 June 1983

SPECIAL RIGHTS OF MEMBER STATES' CITIZENS

Paris	09-10 December 1974
Brussels	16-17 July 1975

STEEL

(see IRON AND STEEL INDUSTRY)

STRUCTURAL POLICIES

Brussels	05-06 December 1977
Copenhagen	07-08 April 1978
Strasbourg	21-22 June 1979

Venice	12-13 June 1980
Maastricht	23-24 March 1981
Brussels.....	28-29 June 1982
London.....	05-06 December 1986
Rhodes	02-03 December 1988

SYRIA

Luxembourg	01-02 December 1980
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TAXATION

Hanover	27-28 June 1988
Madrid	26-27 June 1989
Strasbourg.....	08-09 December 1989

TELEMATICS

Dublin	29-30 November 1979
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TEXTILES

Brussels.....	05-06 December 1977
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THREE WISE MEN (report of the - ; committee of -)

Brussels.....	04-05 December 1978
Dublin	29-30 November 1979
Luxembourg	27-28 April 1980
Luxembourg	01-02 December 1980

TRANSPORT

Maastricht	23-24 March 1981
Brussels.....	21-22 March 1983
Stuttgart	17-19 June 1983
Brussels.....	19-20 March 1984
Fontainebleau	25-26 June 1984

The Hague	26-27 June 1986
London	05-06 December 1986
Rhodes	02-03 December 1988
Strasbourg	08-09 December 1989
Rome	14-15 December 1990

TRIPARTITE CONFERENCE

Brussels	16-17 July 1975
Rome	01-02 December 1975
Brussels	12-13 July 1976
Rome	25-26 March 1977
London	29-30 June 1977
Brussels	05-06 December 1977
Bremen	06-07 July 1978
Brussels	04-05 December 1978
Paris	12-13 March 1979

TURKEY

Brussels	29-30 March 1982
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UNCTAD (United Nations Conference on Trade and Development)

Paris	19-21 October 1972
Stuttgart	17-19 June 1983

UNITED KINGDOM

Rome	29-30 May 1967
Paris	09-10 December 1974
Dublin	10-11 March 1975
Brussels	21-22 March 1983
Stuttgart	17-19 June 1983
Brussels	19-20 March 1984
Fontainebleau	25-26 June 1984

UNITED NATIONS

Brussels..... 16-17 July 1975

USA

Paris10-11 February 1961

Paris 19-21 October 1972

Copenhagen.....14-15 December 1973

Brussels..... 16-17 July 1975

Paris12-13 March 1979

Maastricht23-24 March 1981

Luxembourg29-30 June 1981

Brussels.....29-30 March 1982

Brussels.....28-29 June 1982

Copenhagen.....03-04 December 1982

Madrid26-27 June 1989

Dublin 28 April 1990

Dublin25-26 June 1990

Rome..... 27-28 October 1990

Rome.....14-15 December 1990

USSR

Strasbourg.....08-09 December 1989

Dublin25-26 June 1990

Rome..... 27-28 October 1990

Rome.....14-15 December 1990

VAT

Brussels.....19-20 March 1984

Fontainebleau25-26 June 1984

Milan.....28-29 June 1985

VOCATIONAL TRAINING

Paris.....	19-21 October 1972
London.....	26-27 November 1981
Brussels.....	29-30 March 1982
Stuttgart.....	17-19 June 1983
Hanover.....	26-28 June 1988
Rhodes.....	02-03 December 1988
Madrid.....	26-27 June 1989

WESTERN INDUSTRIALIZED NATIONS

(see *ECONOMIC SUMMIT OF -*)

WINE MARKET

Fontainebleau.....	25-26 June 1984
Dublin.....	03-04 December 1984

XENOPHOBIA

Dublin.....	25-26 June 1990
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YUGOSLAVIA

(see also *CENTRAL AND EASTERN EUROPE*)

Strasbourg.....	08-09 December 1989
Dublin.....	28 April 1990

ZAIRE

Bremen.....	06-07 July 1978
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ZIMBABWE

Bremen..... 06-07 July 1978
Venice.....12-13 June 1980