

THE EUROPEAN COUNCIL

**STRASBOURG
8-9 DECEMBER 1989**

Documents in the dossier include:

European Council, Strasbourg, 8 and 9 December

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*E.C. Leaders Firmly Support Monetary Union, the Social Charter and Creation of
European Development Bank*

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1. European Council

Strasbourg, 8 and 9 December

1.1.1. The meeting began in the morning of 8 December at the Palais des Congrès in Strasbourg under the chairmanship of President Mitterrand. It was attended by all the Heads of State or Government of the Member States, their Foreign Ministers and Commission President Delors and Vice-President Andriessen. The proceedings were concluded at the end of the morning of 9 December.

At the beginning of the meeting the European Council heard a statement by European Parliament President Barón Crespo in which he set out Parliament's position and priorities with regard to the main Community issues.

As Mr Delors said to the European Parliament a few days later (→ point 2.7.1), the meeting was exceptionally positive, with the Member States concerned to achieve closer unity and make the Community the focal point for a changing Europe.

For example, on the subject of economic and monetary union (EMU) the European Council noted, on the basis of an examination of the work carried out since the meeting in Madrid,¹ that the necessary majority existed for convening an intergovernmental conference before the end of 1990 to prepare an amendment of the Treaty with a view to the final stages of EMU.

Turning to the social dimension, the Heads of State or Government of 11 Member States adopted the Community Charter of the Fundamental Social Rights of Workers, and the European Council took note of the fact that the Commission had drawn up an action programme on the application of the Charter.²

Following on from its informal meeting in Paris,³ the European Council also reaffirmed the Community's desire to encourage the necessary economic reforms in Central and Eastern Europe by all the means at its disposal, and to continue its examination of the appropriate forms of

association with the countries which are pursuing the path of economic and political reform. The Council also approved a major declaration on this topic under the heading of European political cooperation.

Conclusions of the Presidency

Towards European union

1.1.2. 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

1.1.3. 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

1.1.4. 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,

¹ Bull. EC 6-1989, point 1.1.11.

² Bull. EC 11-1989, point 2.1.80.

³ Bull. EC 11-1989, points 2.2.15 to 2.2.17.

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 (→ point 2.1.5), the prohibition of insider dealing¹ and the coordination of motor vehicle insurance (→ point 2.1.16). 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,² regulations on the solvency ratio (→ point 2.1.14), takeover bids,³ company law, in particular the European Company Statute,⁴ and the three tax proposals concerning cooperation between companies.⁵

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 (→ point 2.1.78). 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 insurance 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 (→ point 2.1.243) and the guidelines adopted on air transport (→ point 2.1.250). 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 broadband 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 (→ point 2.1.44).

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.⁶

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 (→ point 2.1.45).⁷

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

1.1.5. 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

1.1.6. 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.

¹ OJ L 334, 18.11.1989; Bull. EC 11-1989, point 2.1.8.

² OJ C 43, 22.2.1989; Bull. EC 12-1988, point 2.1.147.

³ OJ C 64, 14.3.1989; Bull. EC 12-1988, point 2.1.149; Supplement 3/89 — Bull. EC.

⁴ OJ C 263, 16.10.1989; Bull. EC 7/8-1989, points 1.2.1 to 1.2.6; Supplement 5/89 — Bull. EC.

⁵ OJ C 39, 22.3.1969; OJ C 163, 11.7.1977.

⁶ Bull. EC 3-1989, point 2.5.11; Bull. EC 6-1989, points 1.1.4 and 2.5.9.

⁷ Bull. EC 10-1989, point 2.1.36; Bull. EC 11-1989, point 2.1.27.

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 Council¹ 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

1.1.7. The European Council would like the Council to reach agreement before the end of the year on the new framework programme for 1990-94 (→ point 2.1.58), 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

1.1.8. 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 Conference² 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 (→ point 2.1.65) 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

1.1.9. 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.³

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.

¹ Bull. EC 11-1989, point 2.1.116.

² Bull. EC 12-1988, point 1.1.13; Bull. EC 9-1989, point 2.1.68; Bull. EC 10-1989, point 2.1.98.

³ Bull. EC 6-1989, point 1.1.7.

The European Council emphasizes the need, throughout those proceedings, to ensure that the procedure for cooperation between administrations first ensure 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 contribute 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 (→ point 2.1.11). 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 1990-94.¹

Social dimension

1.1.10. 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 1988-90.

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 Charter² 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

1.1.11. 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 Committee³ to begin on 1 July 1990.

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.

¹ Bull. EC 11-1989, point 2.1.93.

² Bull. EC 11-1989, point 2.1.80.

³ Bull. EC 4-1989, points 1.1.1 to 1.1.9.

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.

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

1.1.12. In keeping with the principles set out in the Rhodes¹ and Madrid² 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

1.1.13. 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 (→ point 2.2.20) 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 organ-

ization 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

1.1.14. 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 decision 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 (→ point 1.1.20) the objective remains, as stated in the Rhodes Declaration,¹ that of overcoming the divisions of Europe.

The Community has concluded trade agreements and, for the most part, cooperation agreements with Czechoslovakia,³ Hungary⁴ and Poland.⁵ The Agreement with the USSR should be signed by the end of this year (→ point 2.2.35). 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 (→ point 2.2.32).

The European Council welcomes the decision taken by the Council on 27 November⁶ 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.

¹ Bull. EC 12-1988, point 1.1.10.

² Bull. EC 6-1989, point 1.1.13.

³ OJ L 88, 31.3.1989; Bull. EC 3-1989, point 2.2.9.

⁴ OJ L 327, 30.11.1988; Bull. EC 11-1988, point 2.2.29.

⁵ Bull. EC 9-1989, point 2.2.11.

⁶ Bull. EC 11-1989, point 2.2.21.

The Community took part, in cooperation with its main Western partners, in an operation to supply agricultural products to Poland.¹ 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.

At their meeting in Paris on 18 November 1989,² 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:

- (i) the European Council approved the principle of granting observer status to the USSR in GATT;
- (ii) 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;
- (iii) 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;
- (iv) 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.

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.

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 (→ point 2.2.23) 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.

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

1.1.15. 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 (→ point 2.2.45).

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.

¹ OJ L 216, 27.7.1989; Bull. EC 7/8-1989, point 1.1.4; Bull. EC 11-1989, point 2.2.25.

² Bull. EC 11-1989, points 2.2.15 to 2.2.17.

Latin America and ACP States

1.1.16. 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 (→ point 1.2.1 *et seq.*).

European political cooperation

1.1.17. The European Council discussed the following subjects of political cooperation: Central and Eastern Europe, Middle East, Lebanon, Euro-Arab Conference, Southern Africa, Ethiopia, Chile, and Central America. It approved the following statements:

Cyprus

1.1.18. 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 Pérez 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.

Human rights

1.1.19. 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

1.1.20. Each day in Central and Eastern Europe change is asserting itself more strongly. Every-

where 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 Declaration¹ 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.

¹ Bull. EC 12-1988, point 1.1.10.

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 (→ point 1.1.14).

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

1.1.21. 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 1989.¹ 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.

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 1990-92 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

1.1.22. 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

¹ Bull. EC 12-1988, points 1.1.17 and 1.1.23.

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

1.1.23. 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

1.1.24. Southern Africa has, for a year, been the scene of developments of such importance as consistently to demand the attention of the Twelve.

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.

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.

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.¹ 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 multiracial 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 multiracial 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 recon-

¹ Bull. EC 9-1985, point 2.5.1.

sider 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

1.1.25. 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 — in 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 International 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

1.1.26. 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

1.1.27. 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

1.1.28. Cooperation in the field of human rights, which led earlier, in 1986, to a ministerial declaration¹ 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; 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 declarations, 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

¹ Bull. EC 7/8-1986, point 2.4.4.

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 arrests, 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,¹

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 actions 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 human rights.

¹ Bull. EC 6-1989, point 2.2.56.

**E.C. LEADERS FIRMLY SUPPORT MONETARY UNION, THE SOCIAL CHARTER
AND CREATION OF EUROPEAN DEVELOPMENT BANK**

European Community summit leaders meeting in Strasbourg December 8-9 cleared the way for the first stage of European Monetary Union to begin July 1, 1990 and called for an Intergovernmental Conference by the end of 1990 to discuss the final stages. Marking the end of France's term in the rotating E.C. presidency, the summit also achieved the adoption of the Community Charter on Fundamental Social Rights of Workers and urged continued progress toward completion of the single market by the 1992 deadline.

The 12 E.C. Heads of State or Government (the European Council) also concluded that the Community can play a vital role in the reform underway in Central and Eastern Europe and approved in this connection the setting up of a European Bank for Reconstruction and Development.

The European Council meets twice a year in the each of the member states holding the six-month Council Presidency. The summit conclusions follow:

**CONCLUSIONS OF THE PRESIDENCY
EUROPEAN COUNCIL
STRASBOURG, DECEMBER 8-9, 1989**

At the beginning of its meeting, the European Council heard a statement by Enrique 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 the light of the current situation.

The European Council thanked Mr. Baron for his address which made a valuable contribution to the ensuing discussions.

I. TOWARDS EUROPEAN UNION

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:

II. 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.

A. 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 inter-connection 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 Economic and Financial Council of Ministers (ECOFIN) 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 Value Added Tax (VAT) rates and to resolve the problems connected with the removal, on January 1, 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.

B. 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.

C. 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-European Community countries which 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 (General Affairs) to take an early decision on the Agency's headquarters.

D. Research

The European Council would like the Council to reach agreement before the end of the year on the new framework program for 1990/1994, 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 European Free Trade Association (EFTA) countries in Community research programs and hopes that cooperation with these countries and their association will develop further when the new framework program is implemented.

E. Audiovisual

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 programs and competition policy. It hopes that the efforts to produce the European High-Definition Television (HDTV) system will be stepped up, that the Community action program extending MEDIA¹ will receive the necessary financial support and that the necessary synergy with audiovisual EUREKA² will be ensured.

F. Free movement of persons and 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

¹ MEDIA (Measures to Encourage the Development of the Industry of Audiovisual Production)

² EUREKA (Linking 19 European countries and the E.C. Commission in multi-research projects for industrial cooperation in the development of new technologies)

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 Co-ordinators' 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 (Majorca) 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 (General Affairs) 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 procedures for co-operation between administrations first ensure the protection of individuals with regard to the use of personalized data banks.

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 programs on exchanges of young persons and students (ERASMUS³, COMETT⁴, LINGUA⁵), which contribute to developing European awareness, as will the forthcoming introduction of a European emergency health card and of a "European youth card". Similarly, the

³ERASMUS (E.C. Scheme for Mobility of University Students)

⁴ COMETT (E.C. program for cooperation between universities and industry in training for new technology)

⁵ LINGUA (E.C. program for Community language training)

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" program and at the agreement of principle reached on adoption of the second action program 1990-1994.

G. 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 1988-1990.

The European Council considers that this trend, together with the adoption of directives on the health and safety of workers, Community action programs 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 and of Government of eleven 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 program 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.

III. ECONOMIC AND MONETARY UNION (EMU)

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 ECOFIN Council and the initiatives of the Governors of the Central Banks with a view to strengthening the co-ordination 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 July 1, 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 E.E.C. 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 April 1 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 (General Affairs) and the ECOFIN 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 (General Affairs) in preparation for the European Council meeting in Dublin.

IV. 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 fully meet its responsibilities vis-a-vis countries with which it maintains all manner of links and relationships, historical and geographical in origin.

A. 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 December 19 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 eighteen States in complete accordance with multilateral commitments.

The Community hopes that this co-operation 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 co-operation which are fully in keeping with the above principles.

This new relationship between the E.C. and EFTA will be in the interests of both parties and meet the expectations of the peoples of Europe.

B. COUNTRIES OF 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 co-operation 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 reform. The Community's readiness and its commitment to co-operation 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, Co-operation 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 German Democratic Republic (GDR) to be concluded during the first half of 1990.

The European Council welcomes the decisions taken by the Council (General Affairs) on November 27, 1989 temporarily granting Poland and Hungary special trade facilities in order to contribute towards solving their specific political and economic problems.

It noted the decisions taken by the Community to assist economic reform in Poland and Hungary. The Community took part, in co-operation 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 November 18, 1989, the Heads of State and of Government asked the Troika of Presidencies⁶ 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 General Agreement on Tariffs and Trade (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 programs similar to Community programs; 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 International Monetary Fund (IMF) and the World Bank, productive and competitive investment in the

⁶ the incumbent and immediately preceding and succeeding holders of the E.C. Presidency

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-orientated 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 Organization for Economic Cooperation and Development (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 November 18, 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 one billion dollars. 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's proposals.

4. The European Council confirmed the key importance it attaches to the fact that aid and co-operation 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 December 13 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 co-ordinated 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 program for improving that country's economic and financial situation.

C. MEDITERRANEAN

The European Council considers that the Community must in the coming months flesh out its policy of neighborly 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 co-operation with Europe, regional integration and economic development.

The Community attaches great importance to the creation of the Arab Maghreb Union (AMU) and will implement the most appropriate co-operation. 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 co-operation 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.

D. LATIN AMERICA AND AFRICAN, CARIBBEAN AND PACIFIC (ACP) STATES

The Community must strengthen its co-operation 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 Lome Convention, which deepens and broadens the privileged relations between the Community and the Associated ACP 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
- Middle East
- Lebanon
- Euro-Arab Conference
- Southern Africa
- Ethiopia
- Chile
- Central America

It approved the statements annexed below.

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 fifteen 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 the course of 1989. In this connection, it approved the text of a press release. (See page 16.)

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 of human rights, prosperity, social justice and peace is being expressed. The people are clearly showing their will to take their own destiny in hand and 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 Soviet President Mikhail 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 Conference on Security and Cooperation in Europe (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 over-riding 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 June 27, 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 4th Geneva Convention to which it has notably not conformed in such basic areas as education and health, the European Council deplors 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 1990/1992 triennial convention, the Community will continue with and increase its aid to Palestinians through UNRWA (United Nations Relief and Works Agency for Palestine Refugees) which has amounted to more than 388 million ECU⁷ since 1971. It wishes to

⁷ European Currency Unit (ECU) = \$1.15 on December 8, 1989

see the activities of the 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 23 million ECU. 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 cease-fire 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 the United Nations Interim Force in Lebanon (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 organised which will meet in Paris on December 21 and 22 and whose purpose will be to give a new impetus to the Euro-Arab Dialogue in order to strengthen and develop their 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 programs. 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 Lome 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 favorable 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 Frederik W. 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 December 9 to 12, is a step in the right direction.

In this context the Community and its member states have recalled their support for the program 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 program 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. They call 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 - in Erythraea and Tigre 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 Program, the International Committee of the Red Cross, and other non-governmental organisations, 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 GENERAL ELECTIONS IN CHILE, DECEMBER 14, 1989

The European Council, which has constantly expressed its wish for the reestablishment of freedom in Chile, views the situation in that country with hope.

The results of the plebiscite of October 5, 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 Eastern 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 fora (CSCE; 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 declarations, 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 demarches 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 demarches 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 arrests . . .).

-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 actions 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 human rights.