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Prime Minister (2)

An interesting despatch from Ewen Fergusson which you may care to read.

CDP 22/12.

FRENCH NATIONALISM AND EUROPEAN INTEGRATION: SOME REFLECTIONS AFTER THE STRASBOURG EUROPEAN COUNCIL

The British Ambassador in Paris to the Secretary of State for Foreign and Commonwealth Affairs

SUMMARY

1. How do the French reconcile their profound nationalism with their powerful advocacy of European integration? (paragraphs 1-2)

2. European Community at heart of French foreign policy; means of: maximising French influence in the world, controlling pressures on French national identity and managing Germany. Assumption that these goals will be served by further integration. Little debate on "democratic gap" (paragraphs 3-7). On balance, France will come out on top. French will support integration for as long as this remains the case (paragraphs 8-10).

3. Balance of Franco-German relationship is changing; France's overriding aim remains to anchor Germany to Community but continuing possibility of tension (paragraphs 11-15).

4. Implications for UK: we share common strategic interests with the French; need to underline this in more frequent contacts; must continue to build up Anglo-French defence relationship (paragraphs 16-18).

The Rt Hon Douglas Hurd CBE MP
Secretary of State for Foreign
and Commonwealth Affairs
LONDON

15 December 1989

Sir

FRENCH NATIONALISM AND EUROPEAN I..TEGRATION: SOME REFLECTIONS AFTER THE STRASBOURG EUROPEAN COUNCIL

1. I recently set my staff an exam question. It was a question which was put to me by Mr David Howell MP and the Select Committee on Foreign Affairs when they visited Paris in November. The question, and I hope our answer, is of general interest.

2. The question is: how do the French reconcile their profound nationalism with their powerful advocacy of European integration. We see the French, I am sure rightly, as intensely French and intensely nationalistic. Yet they do not appear to fear, as many in Britain do, the loss of sovereignty which would flow from, eg, Delors Stages 2 and 3. Why not?

3. The European Community satisfies two main needs of France's post-war foreign policy; to maximise French influence on the world stage; and to control and manage Germany, which had invaded France three times within three-quarters of a century. Germany divided, with the western half anchored in the Community and the Western Alliance, was a Germany which posed no threat.

4. France accepted at an early stage that the Community provided the surest means for a medium sized state to make her voice heard and her impact felt on the world stage (though France is adept at making enough noise on her own to get her own way more often than her size would justify). Other countries came to the same conclusion, that some pooling of sovereignty was a necessary price for continuing influence in world affairs. France, allowing for the occasional hiccough, was comfortable with the transaction; she was there from the start of the process of European integration and able (at a time of relative German weakness and British absence) to write the rules of the club and to shape European institutions to reflect her interests and traditions. In some ways the French look on the Community as France writ large. It is not to them an alien organisation. There is no stereotype here of a distant, interfering, Brussels bureaucracy.

5. Nor do the ancient prerogatives of a national parliament act as a constraint on French policy towards the Community. The French, having known so many varieties of republic, empire, monarchy in the last 200 years have a resigned scepticism about political institutions. Their intensely competitive élite, followed by public opinion, see the preservation of French leadership and influence as a mission. They reckon that what matters is the reality of influence over Community decision-making exercised by the Council. The French National Assembly sometimes wrings its hands over the apparent subordination of national concerns and over its impotence to exert control over Community legislation; but it is not and will not be a major player. Moreover, to the extent that there is concern for the principle of parliamentary control, the European Parliament is there to take up the democratic gap. It does not impinge much on the lives of ordinary Frenchmen (proportional representation and the list system remove all direct contact between electors and members). Nevertheless, the French have to be seen to take the Parliament seriously because it sits in Strasbourg, a visible symbol of Franco-German reconciliation. And there are domestic reasons for fighting off the challenge of Brussels. French party political structures fit into the European mould. I do not think that the French expect European parliamentary interference seriously to prejudice the role of their own executive.

6. Thus the French regard themselves as having, through their geography, history and culture, a central position in European affairs, a right to lead and to shape. And the Community, with France at the centre, is seen as a means to amplify France's voice in the world; only thus will it be possible to deal as equals with the United States and Japan.

7. At the same time, the French feel insecure about their place in the world. They are worried about the pressures on their national identity, for instance from immigration and 'Anglo-Saxon' cultural penetration, the use of English and the decline of French, and about domination of their economy by the Deutsch Mark. But they realise that these pressures will not go away, and they see the strengthening of European institutions as a means of controlling them and reconciling the French people to them. Thus EMU is calculated to reduce German influence over French monetary policy. The Social Charter helps to give reassurance about the impact of the Single Market on French workers. And 'audiovisual Eureka' is presented as protecting European, which is of course French, culture. This sense that their culture is under threat, above all from the Anglo-Saxons, helps to explain some of the French feelings of ambivalence about British membership of the Community.

8. There have from time to time been tensions and questions about France's commitment : de Gaulle's empty chair policy in 1965; the in-out approach to the European Monetary "snake" in the mid to late 1970s; more recently the reaction to the 'excessive liberalism' of the Single Market - reflected in the size of the Le Pen vote in the 1988 Presidential elections and in the current emphasis on the social dimension; and finally the faint stirrings today of Parliamentary concern at the loss of national control which institutional reinforcement might bring. But each time the crunch has come, the French establishment have concluded that a France standing alone would be less influential and more vulnerable than France as a full and leading member of the European Community. In the economic field they hold no equivalent of the nuclear weapons which allow France an 'independent' defence philosophy. And the French people, who believe that they have benefitted substantially from the Community, particularly the CAP, and who do not have an exaggerated respect for France's erratic democratic traditions, have gone along with this, however fiercely they feel themselves to be French.

9. As for the longer term future, do the French have an agreed vision of what is meant by a European

political union? Is the enthusiasm for a Federal Europe of, say, Prime Minister Rocard, shared by most? I cannot offer a clear answer. As the French approach to the Delors report has shown, their instinct is to look for centralised and therefore institutional construction. But there is virtually no debate about how such evolution will affect ordinary Frenchmen, or French sovereignty, whatever that is taken to mean. We come back to the assumption that the French themselves, by the exercise of their talents and by working from inside, will have sufficient control over the institutions as they evolve, to ensure that France's interests will be safeguarded.

10. These answers to the exam question - none of which suggests that France will ever be other than tough and insistent in fighting its national corner in the Community - suggest to me that European integration is not itself a prior and intrinsic good for France but a <u>means</u>, first for assuring French security vis-a-vis Germany and second for assuring French prosperity and greatness in the world. If it turned out <u>not</u> to assure these things, the French attitude could change, and could change quite quickly.

11. At present, that does not look likely. As we saw before the Strasbourg European Council, France will at present do everything in her power to maintain the familiar terms of the equation, resting on Franco-German understanding. Strasbourg was seen by the French as part of a continuing struggle for the soul of Germany. The fear that Germany might prefer a Central European destiny to a firm Western European attachment was a real one for President Mitterrand. Consequently, Chancellor Kohl's hesitations about committing himself to a timetable for opening an Inter-Governmental Conference on European Monetary Union were seen as potentially very dangerous; carried further, to the extent of putting Germany's Central and Eastern European interests before her interests in the Community, they would have thrown into doubt the basis of post-war French foreign policy. Mitterrand concluded that Kohl must be stopped in his tracks before things could slip further.

12. The French pressure for a firm date for an Inter-Governmental Conference was not only a necessary cap to President Mitterrand's achievements during the French Presidency, but a test of German loyalty and commitment; after some cliff-hanging Kohl passed that particular test. There are others to come.

13. A year ago one would have confidently predicted that the Franco-German relationship - and the Community which encompasses it - would remain the central fact, and main driving force in the construction of Europe. Now events move so fast around us that very little can be taken for granted. I have no doubt that we shall see further strains within the Community itself as the Germans continue to flex their muscles, over EMU, enlargement, and other issues. Above all, any further sign that Germany puts her interests in Eastern and Central Europe, and above all in German unity, before her 'loyalty' to the Community will be watched for nervously here. There has already been talk of France strengthening her ties with the Soviet Union, more obviously too with Britain, as counterweights to the increasing weight of Germany. The French Government are more and more conscious of the importance of a strong defence relationship with the United Kingdom, and uncertainty about Germany is not the least reason for this.

14. I do not believe that Mitterrand sees such developments as alternatives which would lead him to place less weight on the need for a central Franco-German entente in the Community. Though the Franco-German relationship

is changing its balance as Germany increases in weight, it is hard to see the current generation of French leaders willingly allowing it to lose its central position in French foreign policy. Too much is at stake. France will do its utmost not to be forced to turn back. Assuming that reunification will take place, France will ride with the strains caused by the effort to accommodate an enlarged Germany within the Community, in order not to lose the levers which she possesses over German policy. This will pose uncomfortable choices and continuing tension.

15. One way or another, Germany's influence in the Community looks certain to grow - even though EMU is seen by the French as a way of moderating it. It will remain the overriding French aim to hold Germany - whether or not enlarged and united - firmly anchored and moving in line with France on the broad lines of Community policy within a structure in which France holds a major influence. It is only if Germany herself makes that impossible that a major reshaping of France's strategy will become necessary.

16. What operational conclusions can be drawn from this analysis? First, developments in Eastern and Central Europe are a sufficient cause of nervousness

in France to risk affecting balanced judgement. The French, especially the generation who remember the war, turn to us for reassurance and reinsurance. We can give it to them. Their relationship with the United States, important as it is, is no substitute; and the US attitude to Europe is not without its uncertainties and unpredictabilities (Baker in Berlin). On the underlying strategic issues Britain and France share a common anxiety about where the Germans are going. We share the aim of anchoring Germany without destabilising the Soviet Union. Moreover, as the Western European component of the post-war Four Power grouping, we have the role and the opportunity to influence and to calm the Soviet Union, the more so the more together we are seen to be. At the least, we need therefore to talk together and to be seen to be doing so - more frequently and, especially, more frequently at the level of President and Prime Minister.

17. Second, we must continue to build on the Anglo-French defence relationship. It has strengthened significantly in the last few years; I have no new suggestions, but it can take more weight. This is not the moment to raise the issue of France and NATO, though it will not go away. I see no sign at present that current events are pushing the French Government

towards a recantation of their traditional policies, but every indication that they wish to explore new forms of European defence solidarity.

18. Third, we should not stop talking to the French at all levels on the detailed issues on which we may find ourselves disagreeing, especially within the Community, just because our contacts on the strategic issues may become closest.

19. I am sending a copy of this despatch to the Chancellor of the Exchequer, the Secretary of State for Defence and and the Secretary of the Cabinet. I am also copying it to HM Representatives at EC posts, Washington, Moscow and UKDel NATO and HM Consuls-General in France.

I remain, Sir
Yours faithfully

EWEN FERGUSSON

FRAMEWORK FOR THE COMMUNITY'S RELATIONS WITH EASTERN EUROPE

Part I: The existing situation, including relations with other neighbours

Mediterranean Cooperation and Association Agreements

1. The EC has, under Article 238 EEC, concluded Cooperation or Association agreements with Turkey (1963), Malta (1971), Cyprus (1973), Yugoslavia (1980), Morocco, Algeria, Egypt and Israel (1976), Tunisia, Jordan, Syria and Lebanon (1977), ie all the countries of the Mediterranean littoral except Albania and Libya. The Association Agreements with Turkey, Cyprus and Malta have customs union as their ultimate objective; only in the case of Cyprus is real progress being made towards that objective. Otherwise Cooperation and Association Agreements are essentially the same. They provide Mediterranean countries with:

- Preferential trade access:

  (i) duty-free access to the EC for industrial products, (except for some textiles which are subject to voluntary restraint agreements and certain sensitive industrial products from Yugoslavia which are subject to duty-free ceilings).

  (ii) Varying degrees of preferential access for agricultural products.

- These trade concessions are not reciprocal ie. the EC receives only Most Favoured Nation treatment in return except in the case of Israel where both sides enjoy duty-free trade in industrial products and Cyprus where transitional arrangements towards customs union in industrial products began in 1988.

- Economic and technical cooperation covering a wide range of fields (eg industry, agriculture, energy, technology, training).

- Financial Assistance in the form of additional protocols which provide grants from the EC budget and loans from the EIB. (Israel receives only EIB loans).

- Cooperation/Association Councils which meet at Ministerial level, in principle once a year, though in most cases less frequently, to review the operation of the agreements. In practice these tend to be routine exchanges of position; mechanisms exist at official level to resolve problems, but are not always fully effective.

2. Only the Association Agreement with Turkey contains a clause which refers to the possibility of membership once Turkey is in a position to accept the obligations of the EC Treaties.

3. It may be interesting to detail the Yugoslavian Cooperation Agreement:

(a) Trade - Agreement more advantageous than the benefit which Yugoslav receives from the Generalised Scheme of Preferences. 90% of Yugoslav industrial exports enter the EC duty free; the other 10% have ceilings above which duty can be payable if demanded by a member state. Preferential access for specific agricultural products.

(b) Economic - cooperation in energy, agriculture, environment, transport, fisheries, tourism, science and technology, industry, training and standards.

(c) Financial - 2 protocols have provided Yugoslavia with 260 mecu [in grants] and 550 mecu in EIB loans.

B. **EFTA Agreements**

The EC concluded individual agreements with the six EFTA members (1972, 73) though the agreements are virtually identical. They provide for:

- Free trade in industrial products and a limited range of (mainly processed) agricultural products

- Joint Committees which are held regularly at official level. EC/EFTA Ministerial meetings are held on an ad hoc basis.

4. The Free Trade area provided for under the agreements was achieved in early 1984. The EC and EFTA cooperate closely on the elimination of technical barriers to trade. In April 1984 EC and EFTA Ministers agreed the Luxembourg Declaration which called for:

- Cooperation on harmonisation of standards, elimination of technical barriers, simplification of border formalities and rules of origin.

- Cooperation in the field of research and development, working conditions, culture, consumer protection, the environment, tourism, social protection and intellectual property.

The overall aim was to create "a dynamic European economic space". Some progress has been made over the past five years to implement these objectives.

5. Since the Brussels EC/EFTA Ministerial meeting in March 1989, the Commission has explored with EFTA ways to extend the Single Market to EFTA ie free movement of goods, services, capital and persons, plus some flanking policies such as energy, environment, research. The Joint Ministerial on 19 December will review progress and formal negotiations on these objectives is likely during 1990. Decision making (how EFTA should be able to shape decisions which it will subsequently apply) and compliance by EFTA with appropriate elements of Community law will be the most difficult issues.

C. EC Relations with Eastern Europe

6. Agreements follow one of three models: limited sectoral; trade and commercial cooperation alone; or trade, commercial and economic cooperation. The Community seeks to reflect in each the extent of political and economic reform in the country concerned; the more the reform achieved, the more extensive the cooperation envisaged. Each agreement also provides benefit to the EC eg better access for business.

7. (i) CMEA/EC

- Joint Declaration June 1988: Principally a statement of mutual recognition, plus some provision for possible cooperation activities. A face saving formula which was followed by requests from all East European countries except Romania to establish diplomatic relations with the Community. Negotiation of bilateral agreements then followed in most cases.

(ii) Poland

- Trade, Commercial and Economic Cooperation Agreement; 1989 valid for 5 years: Community undertakes to remove trade discriminatory quantitative restrictions. Poles to improve business conditions for Community operators. Economic cooperation in a large range of sectors.

Following that agreement, extensive further measures followed rapidly:

- Bilateral MFA textiles agreement

- GSP to be granted for five years

- 105 mecu in food aid

- Access to EIB loans granted

- (With Hungary) to share 300 mecu budget line for 1990 covering agricultural reform, environmental measures, and manpower training.

(iii) Hungary

- As for Poland, except food aid, but bilateral Agreement valid for ten years.

(iv) USSR

- Negotiations in final phase on a trade, commerical and economic cooperation agreement. On the same lines but less favourable than for Poland and Hungary, bearing in mind state of reform and non-membership of GATT. Agreement also to cover Euratom.

- Negotiations under way on a bilateral MFA textiles agreement.

- Negotiations stalled on a fisheries agreement.

(v) GDR

- Mandate prepared by Commission on a trade and commercial cooperation agreement (ie more than Czechoslovakia, less than Hungary/Poland). Not yet submitted to Member States, Commission now likely to propose economic cooperation as well.

- Subject to autonomous Community regime for textiles. Contacts on a possible textiles agreement.

- Specialised agreement covering trade in sheepmeat.

- In addition under a protocol to the EEC Treaty, trade in manufactured, and some processed agricultural goods, between the Germanies is free of import duty. However a VAT refund is repayable if the same good is then re-exported to another member state. The Protocol provides that other member states may take safeguard action in case of unfair disruption of their markets. The FRG has been reminded of the need to ensure that risks of leakage post 92 must be minimised.

(vii) Czechoslovakia

- Agreement on trade in industrial products, limited scope and commitment (1988). Community to make progress in removing discriminatory QRs, Czechoslovaks to improve business conditions.

- Bilateral MFA textiles agreement.

(viii) Romania

- Existing trade agreement (1980).

- Stalled negotiations on a trade and commercial and economic cooperation agreement.

- Bilateral MFA textiles agreement.

- GSP beneficiary.

D. Council of Europe

No Eastern European membership but Hungary formally applied on 16 November 1989 - Poland will do so. Hungary and Poland are parties to some Council of Europe Conventions. Soviet Union has proposed extensive cooperation. Parliamentary Assembly has accorded special status for Hungary, Poland, Yugoslavia and the Soviet Union. The main criteria for membership are democracy and respect for human rights.

E. Membership of GATT, IMF/IBRD

Hungary, Poland, Yugoslavia and Romania are members of the GATT and IMF/IBRD, Czechoslovakia is a member of GATT, and Bulgaria has applied for GATT membership.

F. The State of Reform in Eastern Europe

1. The Reformers: USSR, Hungary, Poland and Yugoslavia

- Soviet Union: wide freedom of expression. Free, but not pluralistic, elections in March 1989 resulted in an increasingly independent Supreme Soviet. Massive legislative programme includes human rights. Economic reforms have scarcely begun to bite; economy deteriorating.

- Hungary a pluralist system, free elections spring 1990. The Communist Party has become the Hungarian Socialist Party. Other political reform in train. Much of the legal basis for a market system is in place, but budgetary subsidies continue and state-run industries need reform. Trade and exchange controls have been liberalised (contributing to a mounting balance of payments deficit).

- Poland A pluralist system: semi-free elections have been held, coalition government in place, completely free local elections due in 1990, and the Communist Party reforming. Some legal framework to dismantle the command economy is in place; the Government is committed to reform monetary, fiscal and incomes policies, and to privatise the economy, but its pace is undecided.

- Yugoslavia A moribund one-party system with elements of pluralism in Croatia and Slovenia. The least dirigiste of the East European economies, but widespread inefficiency and indebtedness (and rampant inflation). Plans for political and economic reform hampered by inter Republican rivalries and lack of central authority.

2. Reluctant reformers: GDR, Bulgaria

- Bulgaria No political reform. Much confused tinkering with economic system, but still a pure command economy. Implications of recent leadership changes not yet clear.

- GDR. The GDR leadership is moving towards political reform. Free elections are promised, but Communist party retains leading role under constitution. Own variant of economic management but is still a command economy. Economic reform is promised but will take a long time.

C. Potential reformer: Czechoslovakia

Less antagonistic handling of dissidents in recent months, but Party completely in control. Tinkering with economic mechanisms but still a command economy.

D. Anti-Reform: Albania and Romania

Both maintain a rigorously Communist system and oppose current developments in Eastern Europe. Only recent improvement is Albania's desire for better relations with Western Europe. Romanian isolation within the Warsaw Pact continues.

Part II

Principles which should determine the Community's relations with Eastern Europe.

1. The Community should encourage and sustain the introduction of genuine democracy in Eastern Europe: self-determination, and full respect for the Helsinki Final Act, is the key to effective political and economic reform. The future development of the Community's relationships with Eastern European countries will be crucially influenced by their progress towards democracy.

2. The maintenance of a framework of stability and security is a pre-condition of success: member state governments who are also members of the North Atlantic Alliance reaffirm their determination to maintain effective defence and deterrence while pursuing genuine détente.

3. The consolidation and extension of democracy should be encouraged by the Community and individual member states through enhanced political dialogue with East European governments, closer links or membership of democratic East European countries to the Council of Europe, and the establishment of enhanced links with member state Parliaments and the European Parliament.

4. Further enlargement of the Community cannot be considered until after the completion of the Single Market, which should itself play a positive role in supporting economic reform in Eastern Europe. Europe must not, therefore, be a Fortress Europe, but will remain open to the outside world; and closer trade relations with Eastern Europe will be actively pursued.

5. In developing closer trade and economic cooperation with the countries of Eastern Europe the Community will maintain its policy of differentiation according to the degree of political and market-based economic reform achieved: the greater the reform, the closer the cooperation that will be feasible and justifiable.

6. The aim should be to help reforming Eastern European countries help themselves and by providing a framework which encourages inward investment: in particular the provision of training and encouragement of entrepreneurial and management skills should be a priority. The extension of relevant existing programmes - e.g. ERASMUS and EUREKA - to Eastern Europe will be actively considered.

7. Long-term financial assistance from EC institutions or member states will need to be firmly based on the satisfactory conclusion of, and performance against, programmes agreed with the IMF. Appropriate means of encouraging productive long-term investment will be considered.

8. Assistance and emergency aid by the Community and member states will continue to be coordinated, under Commission auspices, in the Group of 24; and the Community will continue to welcome and encourage the active involvement of other G24 members. Coordination of policy on debt will take place in the Paris Club.

9. Where economic and political reforms are successfully sustained, closer association of the individual East European countries with the Community, as envisaged under Article 238 of the EEC Treaty (with regular meetings at the political level), will be desirable. In addition, following the introduction of market mechanisms, the development of economic relationships similar to those now existing between

the Community and the EFTA countries (and conceivably in the longer term to those now under discussion between the Community and EFTA countries) may become appropriate. Particular arrangements will reflect the degree of reform achieved, the needs of the specific country in question, and the increasing depth of its relationship with the Community.

10. The development of the Community's relationships with Eastern Europe within this framework will be dynamic and incremental: progress will be reviewed, and further steps charted, at the Dublin European Council.

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File Euro Council

B. ECONOMIC AND MONETARY UNION

1. The European Council restated its determination progressively to achieve Economic and Monetary Union as provided for in the Single Act and confirmed at the European Council meeting in Hanover. Economic and Monetary Union must be seen in the perspective of the completion of the Internal Market and in the context of economic and social cohesion.

2. The European Council considered that the report by the committee chaired by Jacques DELORS, which defines a process designed to lead by stages to Economic and Monetary Union, fulfilled the mandate given in Hanover and provided a good basis for further work. The European Council felt that its realisation would have to take account of the parallelism between economic and monetary aspects, respect the principle of "subsidiarity" and allow for the diversity of specific situations.

3. The European Council decided that the first stage of the realisation of Economic and Monetary Union would begin on 1 July 1990.

4. The European Council asked the competent bodies (the ECOFIN and General Affairs Councils, the Commission, the Committee of Central Bank Governors and the Monetary Committee):

(a) to adopt the provisions necessary for the launch of the first stage on 1 July 1990;

(b) to carry out the preparatory work for the organisation of an intergovernmental conference to lay down the subsequent stages; that conference would meet once the first stage had begun and would be preceded by full and adequate preparation.

ERM

- I REAFFIRM TODAY THE UNITED KINGDOM'S INTENTION TO JOIN THE ERM. AMD I AM SURE YOU WOULD ALL AGREE THAT THIS MUST BE DONE IN CONDITIONS WHICH STRENGTHEN THE ERM ITSELF AND PROVIDE ASSURANCE THAT AN ENLARGED ERM COULD BE SUSTAINED.

- WHAT ARE THESE CONDITIONS?

- THEY ARE IN FACT SPECIFIED IN STAGE I OF THE DELORS REPORT. THAT PROVIDES FOR:

  - COMPLETION OF THE INTERNAL MARKET
  - ABOLITION OF ALL FOREIGN EXCHANGE CONTROLS AND FULL IMPLEMENTATION OF A FREE MARKET IN FINANCIAL SERVICES
  - AND A STRENGTHENING OF THE COMMUNITY'S COMPETITION POLICY

- IN THOSE CIRCUMSTANCES - AND PROVIDED INFLATION IN BRITAIN HAS INDEED BEEN BROUGHT DOWN SIGNIFICANTLY AS WE INTEND - THE CONDITIONS WOULD CLEARLY EXIST FOR STERLING TO JOIN THE ERM.

- I HOPE THIS POSITIVE STATEMENT WILL BE WELCOME TO YOU.

A

Charles.

The package, as put forward.

UK list of elements for a Presidency Package

- Merger Control Regulation
- Public Procurement (Excluded Sectors)
- Life Insurance Services
- Resolution on Testing and Certification
- Testing and Certification "Modules" Decision
- Gas Appliances
- Active Implantable Medical Devices
- Binding Tariff Information
- ~~Nutritional Labelling~~
- ~~Plant Protection Products~~

DK4AEI/4

CONFIDENTIAL

COMMISSION ACTION PROGRAMME

Action Programme consists of 43 Community Instruments

- 17 legally binding directives

Includes directives on:

- health and safety at work
- hours of work and night work
- holidays and rest periods
- part time and temporary employment

Other desirable European objectives

- minimum wages
- compulsory schemes of worker participation
- Community involvement in collective bargaining and in settlement of disputes

- Welcome

  further programme proposed on

  - freedom of movement
  - health and safety at work
  - work on comparability of qualifications
  - model projects of training

- But major reservations on number of areas

  - will do nothing for the unemployed

Unnecessary regulation of labour market

- hours of work
- part time work
- young people's employment

Employee involvement

[If priorities discussed, should press for areas already agreed at Community level to be tackled first

- health and safety
- freedom of movement
- equal opportunities]

Parliament has debated Euro Budgetary Control.

Community dealings with new institutions on structures

MONETARY

SECOND SPEAKING NOTE, FOR SUBSEQUENT USE

Some of us seem to me to underrate the significance of Stage I and the time it will inevitably take.

Let's look at the elements of Stage I as set out in paras. 51 and 52 of the Delors Report. All of us have accepted all of them, and the Community already has agreed timetables for many of them.

Take the economic side first. The Delors Report calls for the "complete removal, in Stage I, of physical, technical and fiscal barriers within the Community in line with the Internal Market programme". We all agree, and the whole world knows that our deadline is the end of 1992.

Second, Stage I involves a strengthening of Community competition policy. There is no deadline for that, but there is much to be done, given the wide existing disparities in State aids. The Commission have the matter in hand.

Third, the Structural Funds are to be doubled. We all agreed to that in February 1988, and set ourselves a programme to do it, running through to the end of 1993.

On the monetary side, we all agree that during Stage I all Community currencies should join the ERM, and that the same rules should apply to all. I made my position on that clear at Madrid: sterling will join the ERM during Stage I when our inflation is significantly lower, there is capital liberalisation in the Community, and real progress has been made towards completion of the Single Market, freedom of financial services, and strengthened competition policy. But the effects on the ERM of the £ joining will be considerable, and may take some time to work through.

JK3AIB/1

Second, all impediments to the private use of the ecu are to be removed. On this the UK has taken the lead. We have been issuing ecu Treasury bills for over a year, and we are very keen to see the private ecu market develop.

Third, abolition of exchange controls. We abolished ours in 1979. The Community agreed, in June 1988, that French and Italian controls would go by next summer, and that the four countries [Spain, Ireland, Greece and Portugal] who will then still have controls will remove them by the end of 1992.

Finally, the Delors Report called for the creation of "a single financial area in which all monetary and financial instruments circulate freely, and banking, securities and insurance services are offered uniformly". Quite right; and we all know that this must be a high Community priority. But the Banking Directive, which has been agreed, will not come into effect until January 1993; work on the Investment Services Directive, also due to come into effect in January 1993, has hardly started; and there is still much to be done to liberalise the insurance market.

So what we have, and have all agreed, is a programme of Stage I steps which in some cases stretches through to 1993. Taken together, they amount to a commitment to massive change which will greatly benefit the Community. Creating a "single financial area" amounts to a "Big Bang" Community-wide. By the mid-'90s, its consequences, in greater competition and choice, increased scope for enterprise, and hence higher growth, will have strengthened all our economies, and the Community.

Let's not talk down Stage I: let's spell out its scale and dynamic.

JK3AIB/2

In looking beyond Stage I, we in London believe it makes sense to envisage an evolutionary approach, building on the twin principles of a genuine Single Market and the further development of the EMS. That is what our paper explains.

But we also believe, just as strongly, that it makes no sense to try to reach firm decisions on the shape and content of further stages until the Stage I changes, and their effects, have worked through.

[When we in London embarked on the liberalisation programme which became "Big Bang", we knew that the effects would be massive and beneficial, in more competition and hence lower transaction costs. But the scale of the benefits has surprised even us. And we have had to amend the Financial Services Act which we then introduced in order better to match the requirements of a wholly new situation. The analogy is relevant to our debate today.]

The questions asked in Mme. Guigou's report, and the paper by the Chairman of the Monetary Committee, are relevant and important. But the technical analysis which might provide a basis for answers to them has hardly started, and we need today to encourage the Monetary Committee to get cracking. Only on the basis of a thorough technical analysis, taking full account of the effects of Stage I, shall we be able to arrive at the "political consensus on the aims and content of EMU" which Chancellor Kohl rightly believes [Bundestag: 28 November] must precede consideration of the question of an Inter-Governmental Conference.

To talk about starting an Inter-Governmental Conference next autumn, when Stage I will barely have started, makes no sense.

JK3AIB/3

[But I am ready to agree that we should:

- instruct the Monetary Committee to get down to the necessary prior technical work now;
- with a view to then seeking the necessary political consensus on the aims and content of EMU soon after the completion of the Single Market;
- and then taking decisions on how best to proceed, including on the question of a possible IGC.]

Meanwhile, let us:

- congratulate the Presidency on its success in securing agreement on the two texts necessary for the start of Stage I;
- confirm that Stage I will start on 1 July 1990; and
- resolve to bring out, not talk down, the full significance of Stage I, as a massive reform programme, to all elements of which all of us are fully committed, and from which the Community will greatly gain.

DRAFT

CONCLUSIONS OF THE PRESIDENCY

EUROPEAN COUNCIL

STRASBOURG, 8 AND 9 DECEMBER 1989

① accelerate ? continue.

② Translation point : French "perspective"
English should be
context

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 co-operation, 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 in the run-up 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 co-ordination of legislation enabling banks to offer their services throughout the Community, the prohibition of insider dealing and the co-ordination of motor vehicle insurance. The European Council hopes that this set of decisions will be swiftly supplemented by the adoption of the Commission proposals on investment companies, regulations on the solvency ratio,

(3) ECS. Point of substance.

We don't accept the need for a ECS, and we have doubts about the legal basis – 100 (A) = Qualified Majority We think it should be 235 = Unanimity

Suggest argue That there is no need to qualify the general "company law" with this particular, contentious, reference.

Question the legal base

(4) The paragraph is OK except that it

(1) it could be taken as meaning no more need be done on road cabotage

(2) it says nothing about Shipping cabotage

(3) it could give the EC a role in the negotiation of Air Services agreements with the outside world

Suggest: (1) add extra sentence

"Further progress on all 3 sectors of transport – road, air and sea – will be required"

Sea cabotage was mentioned at Madrid

(2) delete external as factually incorrect. There was no discussion, at this European Council of the EC taking over new responsibilities for air services agreements with the outside world.

public procurement offers, company law, [in particular the statute of the European company,] and the three tax proposals concerning co-operation 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. It would also like decisive progress to be made regarding testing, standards and certification, the opening of public procurement markets in the telecommunications, energy and transport sectors and the distribution of water and freedom to provide life assurance services.

It is also requesting that rapid progress be made in the veterinary sphere. In the transport sector it stresses the importance of the decisions taken on road cabotage and the guidelines adopted on air transport. It would like a coherent [external] Community policy to be drawn up in the latter sector and an effective response to the problem of the congestion of air space, in order to guarantee maximum safety for passengers. 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, training, the most efficient inland communications 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 European continent.

With regard to the taxation of savings, the European Council notes the progress which has been made since Madrid. It asks the ECOFIN Council to complete its proceedings as soon as possible and to take measures to avoid tax evasion as an accompaniment to the liberalization of capital movements.

With regard to indirect taxation, it notes with satisfaction the progress made during the last few months, with the formulation of a transitional

(5) measures – is unsatisfactory because it implies legislation. But also defective, because its a translation point – the French is "elements" and we will have it translated as elements. (No need for you to do anything)

'bring about' – is a correct translation of "assurer". We want to give free play to market forces as the means of producing approximation. Not legislation The word "permit" would convey This better.

finance. / by market

Can't be compelled by a

~~Federation~~ unit to take

particular decision

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 measures which will be essential in particular to bring about 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.

B. Associated policies

According to the Single Act, completion of the internal market must be backed up by a number of associated 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. In this respect, 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 demands 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 welcomes the unanimous agreement of the Council on the arrangements for the setting-up of the European Environment Agency as from 1990. This Agency, which will be open to non-EEC European countries 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.

(6). You should be aware that the increase in MEDIA funding proposed is from some 12 mecu p a to some 50 a year. We do not recommend contesting the sentence here: it doesn't say substantial extra support.

(7) Point of substance - addition should be reduction

Suggest you point out that the text is defective in 2 ways

- (1) no-one proposes abolishing the external frontiers
- (2) we do not agree that non EC citizens, once in the EC, should be treated as EC citizens

If "reduction" proves difficult, a fallback would be to add to the sentence at + "In accordance with Article 8A of the Treaty

The Community shall adopt measures with the aim of progressively establishing the internal market over a period expiring on 31 December 1992, in accordance with the provisions of this Article and of Articles 8b, 8c, 28, 57 (2), 59, 70 (1), 84, 99, 100a and 100b and without prejudice to the other provisions of this Treaty.

The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty.

* Article added by Article 13 of the SEA.

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 programme 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 EFTA countries in Community research programmes and hopes that co-operation with these countries and their association will develop further when the new framework programme 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 Audovisual Conclave in order to develop Europe's audiovisual capacity: Directive on the free movement of televised programmes and competition policy. It hopes that the efforts to produce the European HDTV system will be stepped up, that the Community action programme extending MEDIA will receive substantial financial support and that the necessary synergy with audiovisual EUREKA 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 border formalities which impede the free movement of persons and symbolize division, which means that effective

No problems.

measures need to be taken at the same time to combat terrorism, drug addiction and organized crime.

The European Council takes note of the progress made within the Co-ordinators' Group as described in the progress report drawn up under the responsibilty of the Presidency. The European Council would like the work to be stepped up and accelerated so that progress towards the free movement of persons can keep pace with that achieved on the free movement of goods, services and capital, in accordance with the timetable set out in the Palma document.

The European Council would like an inventory to be prepared of national positions on immigration so that a discussion on this issue within the Council (General Affairs) can be prepared. The European Council accordingly 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. 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 personal data banks.

The European Council calls upon the Co-ordinators' 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 co-ordination 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 negotiations within the International Coffee Organization with a view to concluding a new Agreement to be resumed as soon as possible.

The European Council welcomes the significant results obtained by implementing the programmes on exchanges of young persons and students (ERASMUS, COMETT,

(8) unrestricted is factually inaccurate — the EC is now agreeing on ~~rules~~ how to check that students, pensioners etc have sufficient resources before they get right of residence.

(9) It isn't a Community text — since adopted only by 11. The Thing's title has been quoted here: the nearest South might simply be inserting Quotation Marks. We shall try that as a Translation Point — there are QM's in the French.

(10) This is it too bad — because of the "respective responsibilities. But we can try to get "g. ive effect" changed to "take it up" as a Translation Point "y donner suite" is the French

LINGUA), which contribute to developing European awareness, as will the forthcoming introduction of a European emergency health card and of a "young persons" card. Similarly, the European Council particularly welcomes the decisive progress made recently towards agreement on granting all Community nationals [unrestricted] right of residence in the Member State of their choice. This important measure, which is scheduled for adoption before the end of the year, represents an important step towards the integration of the peoples of the Community. The European Council indicated its satisfaction at the conduct of the "Europe against Cancer" programme and at the agreement of principle reached on adoption of the second action programme 1990-1994.

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 measures relating to the integration of unemployed young persons into working life and the fight against long-term unemployment, and [of directives on] 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 on the fundamental of 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 action programme submitted by the Commission for the practical implementation of the Charter [and calls upon the relevant national and Community authorities, in compliance with their respective responsibilities as deriving from the Treaties, to give effect to it in the very near future.]

(11.) The Point here is not to imply, in the language, that a decision has been taken on a separate Treaty, rather than amending the existing Treaty.

We can meet it by amending both references to use Madrid Conclusions language viz: "laying down subsequent stages (A) and "to lay down . . . . . (B)

(a) to adopt the provisions necessary for the launch of the first stage on 1 July 1990;

(b) to carry out the preparatory work for the organization of an intergovernmental conference to lay down the subsequent stages; that conference would meet once the first stage had begun and would be preceded by full and adequate preparation.

(12) First sentence probably OK but better if "the" read "any"

Second sentence important to KOhl — who many indeed want to strengthen it.

We will clear with the translation point — body / term.

III. ECONOMIC AND MONETARY UNION

1. The European Council examined the work carried out since the European Council meeting in Madrid with a view to a meeting of the Intergovernmental Conference.
It welcomed the decisions taken by the ECOFIN Council to improve collaboration between Central Banks and to strengthen the co-ordination of economic policies. It notes that these decisions will enable the first stage of EMU as defined in the report from the DELORS Committee to begin on 1 July 1990.

2. It took note of the report from the High Level Working Party, which identified the main technical, institutional and political issues to be discussed with a view to [a Treaty on Economic and Monetary Union.] A

(11) On this basis, and following a discussion on a meeting of an Intergovernmental Conference [charged with preparing a Treaty on 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. B

3. The European Council emphasized, in this context, the need to ensure that the transfer of powers to the Community does not result in any weakening of democratic control. With a view to the new legislative [body] of the European Parliament which will begin in 1994, it calls for the (12) institutional balance of Economic and Monetary Union to comply fully with that democratic requirement.]

4. The European Council also took note of the Commission's intention to submit before 1 April a composite paper on all aspects of the achievement of Economic and Monetary Union which will take into account all available analyses and contributions.

The European Council emphasized the need for the Council (General Affairs) and the ECOFIN Council to use the period prior to the opening of the Conference to ensure the best possible preparation.

No problems.

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 co-operation. It will fully meet its responsibilities vis-à-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 19 December a decision will be taken to begin negotiations so that the Community and EFTA can, during 1990, reach a comprehensive agreement strengthening their co-operation 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 "flanking policies", 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 EEC and EFTA will be in the interests of both parties and meet the expectations of the peoples of Europe.

(13) It would be good to get in a reference to our ~~pa~~ ideas on framework of association. To press for a reference to our paper would be too much, but we could go for a future study; eg "... and will consider further the appropriate forms of association with countries pursuing the pair of economic and political reform".

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. 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 Co-operation Agreement with the GDR to be concluded during the first half of 1990.

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

   It noted with satisfaction 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

(14) ? worth an attempt to get in "in principle".

(15) Non-European participati has slipped out: ~~worth~~ Maybe in error. Worth getting back in

would ask the Council to take a decision in the near future on a further such operation.

2. At their meeting in Paris on 18 November 1989, the Heads of State and of Government asked the Troika of Presidencies and the Commission to make progress in discussion and decision-taking on the following questions:

- the European Council approved the principle of granting observer status to the USSR in GATT;

- the Commission has submitted proposals designed to allow nationals of the countries of Central and Eastern Europe to take part in a number of educational and training programmes similar to Community programmes; the European Council requests the Council to take the relevant decisions;

- the European Council calls upon the Council to take, at the beginning of 1990, the requisite decisions for the setting up of a European Vocational Training Foundation, on the basis of proposals which the Commission is to submit;

(14) - the European Council approved in principle the creation of a Bank of Europe. Its aim will be to promote productive and competitive investment in the States of Central and Eastern Europe, 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 participate in the capital and management of the Bank, in which the EEC will have a majority holding. The European Council hopes that the Bank of Europe will be created 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.

(16) The EC as such doesn't participate.
So "noted the readiness of all member States"
would be right.

(17) Hungary. (i) Not true — no discussion.
(ii) prejudicial. Suggest
"considered the question of granting"

(16) 3. The European Council confirmed the Community's readiness to participate, under the conditions defined at the meeting on 18 November, in the creation of a stabilization Fund for Poland. It emphasized that the Twelve's joint contribution would provide more than half the resources of the Fund, which is to receive 1 000 million dollars. The European Council referred to the need to (17) grant Hungary an adjustment loan of the same amount. It called upon the Council to take an early decision on the Commission proposal and to consult closely with the international monetary authorities on this question.

4. The European Council confirmed the key importance that 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 at the Arche Summit. It expects the forthcoming ministerial meeting of the 24 Western countries on 13 December to take the necessary substantive and procedural decisions to ensure that the efforts undertaken to facilitate the transition taking place in Poland and Hungary and possibly in other countries of Central and Eastern Europe are co-ordinated and effective.

C. MEDITERRANEAN

The European Council considers that the Community must in the coming months flesh out its policy of neighbourly relations with the Mediterranean States, including Yugoslavia, 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 AMU and will implement the most appropriate co-operation. It will continue the Euro-Arab dialogue at the December meeting.

No problems.

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.

D. LATIN AMERICA AND 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 them.

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.

15 n 2ème Décembre 1989

EUROPEAN COUNCIL, STRASBOURG

Supplementary Notes on EC Issues

ECONOMIC/MONETARY

- Strasbourg agreed:

  = Stage I to start on 1 July 1990. All Stage I elements agreed by all.

  = For subsequent stages, an IGC to start at end-'90, with no end-date set. All ideas, including ours, to be on the table.

  = In the interim, process of "full and adequate preparation" to continue. Commission paper expected in April, covering UK approach as well as Delors Report's.

UK Isolated?

- On substance, debate only just starting. And considerable support for ideas in 2 November "Evolutionary Approach".

- Full Delors Stage II/III package widely seen as unrealistic and unnecessary.

- On IGC decision, a simple majority suffices. But Treaty amendment, to which we are in no way committed, requires unanimity.

JK3AIE/1

Why did you argue that it would be premature to start an IGC at end-'90?

- Because it makes sense to take account of progress in Stage I, which involves massive change, and stretches, on agreed Community timetables, at least until 1993.

- On economic side:

  = completion of Internal Market, due by end-'92.

  = doubling of Structural Funds, due by end-'93.

- On monetary side:

  = abolition of French/Italian Exchange Controls due by next summer; abolition in Spain, Ireland, Greece, Portugal, due by end-'92. UK controls abolished in 1979.

  = creation of "Single Financial Area": "Big Bang" Community-wide, will begin when Banking Directive, now agreed, and Investment Services Directive, on which negotiations only starting, come into effect in January 1993.

  = completion of ERM, with same rules applying to all, will also produce major effects, which may take time to work through.

- In practice, account will have to be taken of Stage I developments during IGC. But no deadline set, either for IGC end, or for any move beyond Stage I.

UK Attitude to ERM?

- Explained at Madrid that £ will join when:

  = level of UK inflation is significantly lower,

  = there is capital liberalisation in the Community,

  = real progress has been made towards completion of Single Market, freedom of financial services, strengthened competition policy.

- Not an issue at Strasbourg.

UK Trying to Delay Progress?

- UK "Evolutionary Approach" more robust, and not necessarily slower, than Delors Stage II/III prescription. Premature "Grand Designs" rash: cf. 1970 Werner Report.

"Evolutionary Approach" = Continued Bundesbank Domination?

- Important to ensure that convergence of monetary policies means convergence on the best counter-inflationary stance. Delors prescription would mean convergence on average performance against inflation, i.e. dilution.

A Treaty of Eleven?

- No such proposal at Strasbourg.

- Agreement to consider amending Treaty of Rome.

- As "Evolutionary Approach" shows, UK strongly favours increased economic/monetary coordination. And no-one argued at Strasbourg for progress in a smaller group.

JK3AIE/3

Sovereignty?

- UK concerns widely understood.

- Strong stress on subsidiarity one of the key features of the Delors Report.

- Strasbourg stressed the importance of democratic control in each member state.

SINGLE MARKET

Progress

- 152 out of 279 measures in White Paper now agreed: 1 every 10 days. 96 under discussion; 30 yet to be tabled.

Implementation

- M Delors explicitly confirmed that on the Commission figures the UK and Denmark have the best records.

- [If asked] we are up to date with 69 of the 72 directives we should have implemented by now.

Single Market Package

Priorities

- Strasbourg endorsed UK proposal for package at 21 December Internal Market Council: merger control; public purchasing in energy, transport, telecoms and water; life insurance; standards and testing and certification.

Transport

- Transport Council on 4/5 December agreed:
  - = experiment for 1990-92 in road haulage cabotage: 15,000 permits, increasing by 10% per annum.
  - = guidelines for air transport liberalisation; uniform licensing criteria by 1992; end to limits on capacity

sharing by 1993; "double disapproval" of fares by 1993.

- Now need to turn into binding legal texts.

- France, Italy, Portugal, Spain and Greece still reserve coastal shipping trade (cabotage) for their nationals.

Financial Services

- Welcome 1989 agreement on Second Banking Directive: from 1993 banks can operate anywhere in Community on just one authorization.

- Need to build on this by agreeing Investment Services Directive, so "single passport" by 1993 for all relevant financial institutions.

- More work needed to open up insurance following last year's agreement on non-life insurance. Agreement on life insurance directive will mean liberalisation in cases where customer approaches a foreign company; but a more restrictive regime will remain for all other cases. So more progress needed to secure real single market.

Tax on Savings

- Dead. Agreement near on satisfactory measures to combat tax evasion.

STATE AIDS

- Support Sir L Brittan's campaign to reduce state aids. Ours are lowest in EC after Denmark: in 1986 UK aid to manufacturing industry (other than steel and shipbuilding) was £1.9bn. Others were: France £3.6bn; Germany £4.9bn; Italy £16bn.

Rover

- Official-level talks taking place today in Brussels.

VAT

- Cockfield's original proposals [August 1987]:
  - no provision for retention of zero rates;
  - origin system [to replace present destination system];
  - cumbersome "clearing house";
  - harmonisation of excise duties on average of current rates.

- UK alternative approach [September 1988]:
  - retention of destination system for commercial traffic;
  - abolition of fiscal frontier controls [retaining checks for drugs etc];
  - businesses to account for tax through normal accounting checks and audit controls;
  - any approximation of taxes left to market forces, with big increases in travellers' allowances.

Likely outcome

- Latest position (to be discussed at ECOFIN on 18 December):
  - retention of destination principle;
  - abandonment of clearing house;
  - agreement on measures to abolish fiscal frontiers;

- [On VAT rates UK view remains that such approximation as is necessary can be brought about by market forces. We shall of course retain our pledged zero-rates.]

AGRICULTURE

- 1988 budget reform and stabilisers working well.

- Out-turn for 1989 agricultural expenditure nearly £3 billion below CAP ceiling. For 1990 Commission propose overall CAP spending £2.5 billion below CAP ceiling.

JK3AIE/6

- Proposed 1990 EC Budget would involve call up of resources £6 billion below overall ceiling.

- Butter stocks down 90% in last 12 months, beef stocks down by 80% (Commission estimate) and milk powder mountain has disappeared;

SOCIAL CHARTER

Why unacceptable to UK?

- Presidency text too regulatory. Contrary to Madrid prescription on unemployment; subsidiarity; and national diversity.

Specific objections?

- Would restrict freedom of workers and employers to negotiate most suitable arrangements on hours of work, annual leave, weekly rest periods, and consulting workforce. Over-regulation bad for jobs.

Action Programme

- Not endorsed at Strasbourg. Measures will be tabled in normal way over next two years and considered on merits. UK doubts shared by several other member states. Test of commitment to subsidiarity.

FRONTIERS

Community committed to free movement?

- Strasbourg agreed:

  = need for "effective measures" to combat terrorism, drug trafficking etc.
  = member states retain the right to take the measures they consider necessary.

Immigration/Asylum Issues?

- Nothing new in Strasbourg commitment to work towards coordinated European policy if we can - very sensible.

Schengen?

- Agreement between France, Germany and Benelux which commits them to abolish internal frontiers by 1990. Deadline has already slipped [and proposed signing of Schengen Treaty on 15 December may now be postponed again.]

- Schengen obligations are not EC obligations. Arrangement between geographically similar countries with long land frontiers. Not directly relevant to an island.

- For UK, water's edge checks most effective.

SCRUTINY

- Government attach great importance to scrutiny of European legislation. Welcome Procedure Committee report. My rt hon Friend Lord President of the Council will be considering Government's response and the early implementation of any changes the House agrees necessary.

- Our record on scrutiny is improving every year:

  - 1988: 39 debates on 109 documents - a record at the time;

  - 1989: so far 48 debates on 86 documents.

ENVIRONMENT

- Unanimous agreement on European Environment Agency - objective data necessary for effective policy. UK candidate site is Cambridge.

RESEARCH

- Hope to reach agreement on new 1990-94 Framework Programme at Research Council on 15 December.

JK3AIE/8

EC/Eastern Europe

- Remarkable display of Community unity on the need for a rapid and positive response to development in Eastern Europe.

- Comprehensive measures of aid, trade and investment measures already agreed.

- Combined contributions of the Twelve will provide more than half the $1 billion stabilisation fund for Poland.

- Strasbourg Agreements on:-

  = The creation of a European Bank for Reconstruction and Development.

  = The creation of a European Training Foundation.

  = More food aid for Poland when needed.

UK Measures

- $100 million to the stabilisation fund for Poland.

- Doubling of Know-How Fund for Poland to £50 million.

- £15 million for a major project in the agricultural sector.

- A Know-How Fund of £25 million for Hungary.

Food Aid for Poland

- UK, through EC, has responded quickly. First - £70 million - tranche almost all disbursed.

2ANAAB/1

- Further supplies to be made available quickly and targetted at needy.

European Bank of Reconstruction and Development

- Will promote productive and competitive investment.

- Will help transition to more market oriented economy and speed up structural change.

- Encourage all OECD countries to participate - will work in close consultation with the IMF and World Bank.

EC/GDR

- Community will begin negotiation of a trade and cooperation agreement with the GDR in January.

- Important to give encouragement to political changes in GDR.

EC/USSR

- Negotiations on Trade and Cooperation Agreement successfully concluded in November.

- Look forward to signature on 19 December.

- Will improve access for UK business in the Soviet Union.

Coordination of Support

- Commission has so far done well in coordinating G24 effort.

- G24 Ministers will meet on 13 December to review progress. Foreign Secretary will attend.

Balance of Payments Loan to Hungary

- Agreement with the IMF the essential first step. Will impress this on the Hungarian Prime Minister tomorrow.

EC/EFTA

- European Council agreed to work for substantive negotiations with EFTA next year. Hope that EC/EFTA Ministerial meeting on 19 December will launch this process.

- Aim is EFTA participation in as much of Single Market as possible.

- Expanded Single Market of 350 million promises increased economic benefits for all.

- EFTA collectively Community's largest trading partner. Two way trade in 1988 over US $220 billion.

- New relationship will require strict balance of rights and obligations between EC and EFTA.

EC/Mediterranean

- We are currently studying a Commission paper outlining ideas to deepen cooperation. Important to encourage economic reform and strengthen trade links.

International Coffee Agreement (ICA)

- In context of efforts of Colombia and other countries to suppress drug trafficking, Council reaffirmed need for resumption of negotiations for a new ICA to protect income of producers in those countries.

- No change in Community position. Goes without saying that a new ICA must bring in consumers and must resolve the problems of the collapsed 1983 ICA.

- Community ready to take part in negotiations as soon as consensus emerges among producers and consumers on the basis for such negotiations.

Lomé

- Welcome successful conclusion of Lomé IV negotiations.

- Will further strengthen EC/ACP relations. (Signature now expected on 15 December in Lomé.)

- UK played active and constructive role throughout.

- EDF VII: 10.94 bn ecu for next EDF, with up to a further 1.225 bn ECU in EIB loans. A substantial and generous financial package (46% increase over EDF VI).

EUROPEAN COUNCIL, STRASBOURG

Supplementary Notes on Political Cooperation Statements

CENTRAL AND EASTERN EUROPE

EC now committed to German reunification?

- Long standing Western commitment to unity through self-determination.

- Strasbourg statement sets out a number of very important amplifications on which we all agreed. Any reunification must:

= be peaceful, gradual and democratic
= fully respect Helsinki principles
= find its place within wider European integration
= strengthen peace in Europe.

What are the "relevant agreements and treaties" which must be respected?

- The whole range of post-war agreements underpinning existing security arrangements in Europe. For instance, the Federal Republic's commitments to the Community and NATO, the Quadripartite Agreement on Berlin, the Helsinki Principles.

- We also agreed at Strasbourg that maintaining dialogue and East/West cooperation is vital. The concerns of others in Eastern Europe and of the Soviet Union must be taken into account. The Federal Republic's own treaties, eg with Poland, are relevant.

- More generally, statement confirms our welcome for changes and our willingness to act appropriately in support of them.

M82AAU/1

- West not seeking to derive any unilateral advantage.

- Also underlines need for sense of responsibility at time of great change. Means we all agree to work within existing framework of alliances, treaties and CSCE commitments.

- Recognition of continued importance of US and Canadian involvement in European affairs, through NATO and CSCE; and of Gorbachev's role in fostering reform.

MIDDLE EAST

- Council reaffirmed Madrid Declaration (attached). A European perspective on the Arab/Israel problem. Fully consistent with UK's own position and efforts.

- Strasbourg statement encourages efforts to promote Israeli/Palestinian dialogue. (Reference to current US/Egyptian moves.)

- And focusses on practical help Community can give in Occupied Territories. A very sensible approach which we fully support.

LEBANON

- Statement of support for those, notably Arab League, working to restore constitutional government in Lebanon.

EURO-ARAB CONFERENCE

- Britain will participate. My Right Hon Friend the Foreign Secretary will represent us.

SOUTHERN AFRICA

- Good statement. It welcomes progress throughout the region towards solving longstanding problems, especially in Namibia.

- Our total opposition to apartheid very clearly underlined. But at same time, there are words of encouragement for South Africa to continue down the paths of reform and change. Glad that Community partners, like Commonwealth at CHOGM, have taken this view.

- UK not in any way isolated: we all agreed that change best promoted by a mix of pressure and encouragement.

ETHIOPIA

- UK proposal that we should discuss this, because we have been aware of problems of famine for some time, and because we are active in seeking solutions.

- Very glad that Council made public appeal on behalf of victims of famine and called for further efforts to bring peace through negotiation.

- Presidency will now draw statement to attention of all those who can influence situation, notably Ethiopian Government.

CHILE

- We all look forward to increased political and economic exchanges with a democratic Chile in future.

CENTRAL AMERICA

- Key is for all to fulfil commitments they have undertaken, particularly in relation to respect for democracy and strengthening of democratic institutions.

HUMAN RIGHTS

- Press communique demonstrates extent of Community's activity worldwide in defence of human rights and victims of abuses. We fully support this and do more than most to draw attention to violations, no matter where they occur.

CYPRUS

- Restates established position of Twelve: full support for UN Secretary General.

EUROPEAN COUNCIL MADRID, 26-27 JUNE 1989

Declaration on the Middle East

The European Council has examined the situation in the Middle East conflict in the light of recent events and of contacts undertaken over several months by the Presidency and the Troika with the parties concerned, and it has drawn the following conclusions:

1. The Policy of the Twelve on the Middle East conflict is defined in the Venice Declaration of 13 June 1980 and other subsequent declarations. It consists in upholding the right to security of all States in the region, including Israel, that is to say, to live within secure, recognised and guaranteed frontiers and in upholding justice for all the peoples of the region, which includes recognition of the legitimate rights of the Palestinian people, including their right to self-determination with all that this implies.

The Twelve consider that these objectives should be achieved by peaceful means in the framework of an international peace conference under the auspices of the United Nations, as the appropriate forum for the direct negotiations between the parties concerned, with a view to a comprehensive just and lasting settlement.

The European Council is also of the view that the PLO should participate in this process.

It expresses its support for every effort by the permanent members of the Security Council of the United Nations to bring the parties closer together, create a climate of confidence between them, and facilitate in this way the convening of the international peace conference.

2. The Community and its Member States have demonstrated their readiness to participate actively in the search for a negotiated solution to the conflict, and to co-operate fully in the economic and social development of the peoples of the region.
The European Council expressed its satisfaction regarding the policy of contacts with all the parties undertaken by the Presidency and the Troika, and has decided to pursue it.

3. The European Council welcomes the support given by the Extraordinary Summit Meeting of the Arab League, held in Casablanca, to the decisions of the Palestinian National Council in Algiers, involving acceptance of Security Council Resolutions 242 and 338, which resulted in the recognition of Israel's right to exist, as well as the renunciation of terrorism.

It also welcomes the efforts undertaken by the United States in their contacts with the parties directly concerned and particularly the dialogue entered into with the PLO.

Advantage should be taken of these favourable circumstances to engender a spirit of tolerance and peace with a view to entering resolutely on the path of negotiations.

4. The European Council deplores the continuing deterioration of the situation in the Occupied Territories and the constant increase in the number of dead and wounded and the suffering of the population.

It appeals urgently to the Israeli authorities to put an end to repressive measures, to implement resolutions 605, 607 and 608 of the Security Council and to respect the provisions of the Geneva Convention on the Protection of Civilian Populations in Times of War. They appeal in particular for the reopening of educational facilities in the West Bank.

5. On the basis of the positions of principle of the Twelve, the European Council welcomes the proposal for elections in the Occupied Territories as a contribution to the peace process, provided that:

- the elections are set in the context of a process towards a comprehensive, just, and lasting settlement of the conflict.

- the elections take place in the Occupied Territories including East Jerusalem, under adequate guarantee of freedom.

- no solution is excluded and the final negotiations takes place on the basis of Resolutions 242 and 338 of the Security Council of the United Nations, based on the principle of "land for peace".

6. The European Council launches a solemn appeal to the parties concerned to seize the opportunity to achieve peace. Respect by each of the parties for the legitimate rights of the other should facilitate the normalising of relations between all the countries of the region. The European Council calls upon the Arab countries to establish normal relations of peace and co-operation with Israel and asks that country in turn to recognise the right of the Palestinian people to exercise self-determination.

EMU: STATEMENTS BY KARL OTTO PÖHL

Statements helpful to UK line

1. The President of the Bundesbank has made a number of recent statements helpful to the UK line on EMU:

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"Today, however, the creation of supra-national institutions able to make binding decisions in the most important areas of economic and monetary policy appears visionary. This includes the goal of a European Central Bank System."

"The next steps towards a new European future do not require drastic institutional changes [nor should they lead to dangerous detours such as a parallel currency]."

- Interview in "Le Figaro", 11-12 March: "To move from the EMS to a new monetary Europe will require Treaty change. But the road will be long, and it will be wholly premature to expect the creation of a European Central Bank in the near future."

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- Speech to German Saving Banks' Congress, 8.6.89: "The British Government is not the only one which has difficulties in accepting the transfer of sovereign rights to supra-national institutions. That goes for the Federal Republic too. For example, the creation of a European Central Bank System equipped with real monetary policy powers... would require far-reaching changes to the Bundesbank and I do not know whether there would be broad agreement for such changes in the Federal Republic in the foreseeable future."

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"More important than amendments to the EC Treaty and the creation of new institutions is the need to expand existing developments towards an economic and monetary union and to implement those decisions which have already been taken.... The institutional prerequisites for closer economic, financial and monetary cooperation among EC member states already exist (ECOFIN, Monetary Committee, Committee of EC

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- At his press conference on 18 April, Pöhl said: "One can only enter the first stage if it is agreed that at the end of the first stage there is the second and then the third stage. One cannot start a journey without knowing the destination."

3. Herr Pöhl is also a leading advocate of UK membership of the ERM, for which he called in virtually all of the statements listed above.

OPPOSITION SUPPORTING STATEMENTS ON DELORS 2 AND 3 - A CHECKLIST:

There is widespread agreement across parties on the problems presented by Stages 2 and 3 of the Delors Report.

John Smith, Shadow Chancellor

"The proposals set out by the Delors Committee for Stages 2 and 3 of economic and monetary union are very far-reaching, and represent only one among a number of possible proposals to achieve greater monetary cooperation and economic convergence." (Hansard, 2 November 1989, Col 502)

"There has been cogent criticism of the Delors Report. In many ways it is too schematic in tone. It makes assumptions which are neither argued nor justified, and it is on the whole dangerously insensitive to the political dimension of economic decision-making and the need for democratic accountability." (ibid)

"The Delors Report may be a useful starting point for debate and discussion, but it could never be regarded as a blueprint for the future of Europe." (ibid)

"We do not accept that binding rules for budgetary and fiscal policy are a necessary condition for the achievement of monetary union. I remind the House that that is one of the central parts of Stages 2 and 3." (ibid)

"The Chancellor of the Exchequer drew attention to the Select Committee's conclusion that:

> 'The power of the House of Commons has depended fundamentally on the control of money, both taxation and expenditure. This would be jeopardised by the form of monetary union proposed by the Delors Report...'

I am happy to accept that enthusiastically, and I am sure that all Opposition Members accept it too." (Col 503)

Dr David Owen

"I speak as a life-long European, but I believe that to force the Community down the federalist road would not only damage the European Community but possibly destroy it... it has never before been given such a massive federalist twist than by the Delors Report." (Hansard, 2 November 1989, Col 522).

"In the potential break-up of the Soviet Union... we are seeing all the dangers of forcing independent nations into an artificial grouping." (ibid)

"Few have been able to predict the path of European development in the past, and the title of the Government paper *'An Evolutionary Approach to European Economic and Monetary Union'* uses well chosen words." (ibid)

"Jacques Delors must frankly be told - I hope by more than one country, Britain - that a lot of stuff he proposes is arrant nonsense. It may serve as his presidential launch pad, but it does not make sense within an evolving European Community." (ibid, Col 524)

Even Tony Benn declared:

"I detected in the speech of the new Chancellor of the Exchequer a certain healthy caution [vis a vis the Delors Report]" (ibid, Col 535).

KINNOCK AND EUROPE

On EC membership:

"We want out of the Common Market" (News of the World, 15 May 1983)

"The prospects for withdrawal are nil." (the Independent, 4 February 1988)

On '1992':

"Completing the internal market isn't a policy, it's an abdication of responsibility. An apology for action." (Speech to the Iron and Steel Trades Confederation Conference, 24 June 1986).

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PARIS MATCH

ROYAUME-UNI

DIX ANS DE REGNE POUR MAGGIE, LA DAME DE FER

Au XX[e] siècle, aucun Premier ministre britannique ne sera demeuré aussi longtemps au 10 Downing Street. Elue pour la première fois en 1979, Margaret Thatcher et les années 80 resteront inséparables. Pour le monde entier, elle incarne le libéralisme pur et dur. Son exercice du pouvoir n'aura été qu'une interminable suite de batailles : contre les syndicats, contre les déficits budgétaires, contre les dictateurs argentins, contre les mineurs grévistes, contre la bureaucratie européenne de Bruxelles, contre l'entrée de la livre dans le Serpent monétaire européen. Jamais elle n'a cédé. Si un de ses lieutenants traînait la jambe, elle l'éliminait. Un à un, tous les barons du Parti conservateur ont été remplacés par ses fidèles. Fille d'épiciers, la Dame de fer n'a d'ailleurs jamais fait partie de l'establishment. Mais après dix ans aux commandes, cette solitaire a sorti l'Angleterre d'une longue léthargie et peut se targuer du taux de chômage le plus bas des grands pays européens. A sa manière, sans jamais transiger. Elle mérite bien le surnom de « Tina » donné par ses ennemis, exaspérés de l'entendre marteler : « There is no alternative » (il n'y a pas d'autre solution). Car si elle se maquille soigneusement, Margaret Thatcher ne farde jamais ses convictions. Une sincérité qui lui a valu l'admiration des grands leaders mondiaux car, tant Reagan que Gorbatchev ont fait d'elle leur interlocuteur européen privilégié.



Femme politique redoutée, Margaret Thatcher est une mère de famille attentionnée qui a aidé sa fille Carol à repeindre son appartement. On ne l'a vue pleurer qu'une fois : quand son fils Mark s'est perdu en plein Sahara, lors du Paris-Dakar.

Un grand sondage Paris Match-B.v.a.

TERRORISME ET SIDA LA DECENNIE DE LA PEUR

L'EVENEMENT POLITIQUE

Quel est, selon vous, l'événement politique qui a le plus marqué la France ces dix dernières années ? Et ensuite ?

La montée du Front national	**43**
La cohabitation entre François Mitterrand et Jacques Chirac	33
L'élection de François Mitterrand en 1981	24
La montée des écologistes	17
Le déclin du Parti communiste	17
La réélection de François Mitterrand	16
Les grandes manifestations étudiantes de 1986	14
Les grandes manifestations pour l'école libre de 1984	9
N.s.p.	5



Sous la statue de Jeanne d'Arc, les militants du Front national fêtent la reconnaissance du parti de Jean-Marie Le Pen sur l'échiquier politique national.

LE PHENOMENE DE SOCIETE

Quel est, selon vous, le phénomène qui a le plus marqué le monde ces dix dernières années ? Et ensuite ?

L'apparition et le développement du sida	**72**
La dégradation de l'environnement planétaire (forêts, couche d'ozone)	32
La consommation de drogue	31
Tchernobyl	27
Les bébés-éprouvette	10
Le drame du Heysel et les hooligans	9
Le premier lancement de la navette spatiale américaine	6
Les grandes croisades humanitaires	2
N.s.p.	1

Total supérieur à 100 car plusieurs réponses possibles.

L'EVENEMENT

Quel est, selon vous, l'événement qui a le plus marqué le monde ces dix dernières années ? Et ensuite ?

Le terrorisme et les attentats de Paris	**37**
La répression en Chine	32
La montée de l'intégrisme musulman	27
La Pologne et Solidarité	26
Le drame libanais	25
La perestroïka en U.r.s.s.	24
La guerre Iran-Irak	22
La signature du grand Marché unique de 1993	21
Le désarmement	12
Le conflit israélo-palestinien	11
Le krach boursier	9
L'intervention soviétique en Afghanistan	8

Total supérieur à 100 car plusieurs réponses possibles.

LA PERSONNALITE MASCULINE

Quelle est, selon vous, la personnalité masculine qui a le plus marqué le monde ces dix dernières années ? Et ensuite ?

Mikhaïl Gorbatchev	**38**
Lech Walesa	**38**
Jean-Paul II	24
L'iman Khomeiny	23
Jacques-Yves Cousteau	21
François Mitterrand	11
Ronald Reagan	11
Michael Jackson	7
N.s.p.	4

Total supérieur à 100 car plusieurs réponses possibles.

Lech Walesa.



LA PERSONNALITE FEMININE

Quelle est, selon vous, la personnalité féminine qui a le plus marqué le monde ces dix dernières années ? Et ensuite ?

Margaret Thatcher	**44**
Mère Teresa	40
Indira Gandhi	27
Cory Aquino	23
Madonna	12
Benazir Bhutto	11
Lady Di	5
Caroline de Monaco	4
N.s.p.	5

Total supérieur à 100 car plusieurs réponses possibles.

EMU

Lusser

1. A potentially useful new quote for tomorrow:

"The British authorities have understood the essential point: monetary integration should proceed along the path from stability to unity, and not that from unity to stability."

(Markus Lusser, Governor of the Swiss National Bank, Zurich, 21 November, speaking about the UK 2 November "Evolutionary Approach" paper.)

2. The most useful of the Pohl quotes in our Strasbourg kit was, I think, this one, also on the "Evolutionary Approach" paper:

Pohl

"... a realistic and sensible description of what monetary policy should concentrate on in future years".

(Pohl: Frankfurt, 7 November.)

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1. The President of the Bundesbank has made a number of recent statements helpful to the UK line on EMU:

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CONCLUSIONS OF THE PRESIDENCY

EUROPEAN COUNCIL

STRASBOURG, 8 AND 9 DECEMBER 1989

SN441/2/89

At the beginning of its meeting, the European Council heard a statement by Mr Baron, the President of the European Parliament, in which he set out the Parliament's position and priorities with regard to the main Community topics in 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 co-operation, 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 co-ordination of legislation enabling banks to offer their services throughout the Community, the prohibition of insider dealing and the co-ordination 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 co-operation 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 ECOFIN Council to complete its proceedings as soon as possible and, as an accompaniment to the liberalisation of capital movement, to take measures to combat tax evasion effectively, in accordance with earlier decisions.

With regard to indirect taxation, it notes with satisfaction the progress made during the last few months, with the formulation of a transitional system which will lighten the burden on undertakings and administrations and enable border checks to be eliminated.

It considers that these arrangements need to be supplemented by the elements which will be essential in particular to enable the progressive approximation of VAT rates and to resolve the problems connected with the removal, on 1 January 1993, of limits on purchases by private individuals for their personal consumption when travelling within the Community.

The European Council asks the Council to adopt as soon as possible, on a proposal from the Commission, the decisions which will make the process of the complete abolition of fiscal frontiers irreversible.

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-EEC European 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 programme 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 EFTA countries in Community research programmes and hopes that co-operation with these countries and their assocation will develop further when the new framework programme 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 capitalise on the guidelines which emerged from the Audiovisual Conference in order to develop Europe's audiovisual capacity: directive on the free movement of televised programmes and competition policy. It hopes that the efforts to produce the European HDTV system will be stepped up, that the Community Action Programme extending MEDIA will receive the necessary financial support and the necessary synergy with audiovisual EUREKA 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 recognise 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 organised 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 illict 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-ordinator's Group as described in the progress report drawn up under the responsibility of the Presidency. The European Council would like the work to be stepped up and accelerated so that progress towards the free movement of persons can keep pace with that achieved on the free movement of goods, services and capital, in accordance with the timetable set out in the Palma document.

The European Council would like an inventory to be prepared of national positions on immigration so that a discussion on this issue within the Council (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 harmonisation.

The European Council emphasises 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 personalised data banks.

The European Council calls upon the Co-ordinators' 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 co-ordination 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 organisation 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 of a "European Youth Card". Similarly, the European Council particularly welcomes the decisive progress made recently towards agreement on granting all Community nationals the right of residence in the member state of their choice. This important measure, which is scheduled for adoption before the end of the year, represents an important step towards the integration of the peoples of the Community. The European Council indicated its satisfaction at the conduct of the "Europe against cancer" programme and at the agreement of principle reached on adoption of the second Action Programme 1990-1994.

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 5 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 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 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 notes of the fact that the Commission has drawn up an Action Programme on the application of the Charter and calls upon the Council to deliberate upon the Commission's proposals in the light of the social dimension of the internal market and having regard to national and Community responsibilities.

III. ECONOMIC AND MONETARY UNION

1. The European Council examined the work carried out since the European Council meeting in Madrid with a view to a meeting of the Inter-Governmental Conference.

It noted the agreement reached in the ECOFIN Council and the initiatives of the Governors of the central banks with a view to strengthen 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 1 July 1990.

2. It took note of the report from the high level working party, which identified the main technical, institutional and political issues to be discussed with a view to a treaty on economic and monetary union.

On this basis, and following a discussion on the calling of an Inter-Governmental Conference charged with preparing an amendment of the Treaty with a view to the final stages of EMU, the President of the European Council noted that the necessary majority existed for convening such a conference under Article 236 of the Treaty. That Conference will meet, under the auspices of the Italian authorities, before the end of 1990. It will draw up its own agenda and set the timetable for its proceedings.

3. The European Council emphasised, 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 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 emphasised 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 à 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 19 December a decision will be taken to begin negotiations so that the Community and EFTA can, at the earliest opportunity, reach a comprehensive agreement strengthening, on the basis of the relevant acquis communautaire, their cooperation in the framework of a European economic area of 18 states in complete accordance with multilateral commitments.

The Community hopes that this cooperation will be as close as possible and that it will ensure EFTA's preparations 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 organisation 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 the 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 cooperation with peoples aspiring to freedom, 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 cooperation are central to the policy which it is pursuing and which is defined in the declaration adopted today: the objective remains, as stated in the Rhodes declaration, that of overcoming the divisions of Europe.

1. The Community has concluded trade agreements and, for the most part, cooperation agreements with Czechoslovakia, Hungary and Poland. The agreement with the USSR should be signed by the end of this year. The Council will, as soon as possible, instruct the Commission to negotiate a trade and cooperation agreement with the GDR to be concluded during the first half of 1990. The European Council welcomes the decisions taken by the Council (General Affairs) on 27 November 1989 temporarily granting Poland and Hungary special trade facilities in order to contribute towards solving their 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 cooperation with its main western partners, in an operation to supply agricultural products to Poland. In view of the scale and urgency of the needs, the European Council would ask the Council to take a decision in the near future on a further such operation.

2. At their meeting in Paris on 18 November 1989, the Heads of State and of Government asked the Troika of Presidencies and the Commission to make progress in discussion and decision-making with regard to the following:

- the European Council approved the principle of granting observer status to the USSR in GATT;

- the Commission has submitted proposals designed to allow nationals of the countries of Central and Eastern Europe to take part in a number of educational and training programmes similar to Community programmes, and European Council requests the Council to take the revelant decisions;

- the European Council calls upon the Council to take, at the beginning of 1990, the requisite decisions for the setting-up of a European vocational training foundation, on the basis of proposals which the Commission is to submit;

- the European Council approved the creation of a European Bank for reconstruction and development. Its aim will be to promote in consultation with the IMF and the World Bank, productive and competitive investment in the states of Central and Western 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 necessary structural adjustments. The states of Central and Eastern Europe concerned will be able to participate in the capital and management of this bank, in which the member states, the Community and the European Investment Bank will have a majority holding. Other countries and in particular the other member countries of the OECD, will be invited to participate. The European Council hopes that the European Bank for reconstruction and development will be set up as soon as possible. The European Council requests that the necessary steps be taken to ensure that negotiations are opened in January 1990. The European Investment Bank will play a key role in preparing the way for this new institution.

3. The European Council confirmed the Community's readiness to participate, under the conditions defined at the meeting on 18 November, in the creation of a stabilisation fund for Poland. It emphasised that the combined contributions of the Twelve would provide more than half the resources of the

Fund, which is to receive 1,000 million 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 proposals.

4. The European Council confirmed the key importance it attaches to the fact that aid and cooperation projects decided on by Western countries should be as complementary as possible. It reaffirmed the need to maintain and strengthen the procedure established by the Community. It expects the forthcoming Ministerial meeting of the 24 Western countries on 13 December to take the necessary substantive and procedural decisions to ensure that the efforts undertaken to facilitate the transition taking place in Poland and Hungary and possibly in other countries of Central and Eastern Europe are coordinated and effective.

5. The European Council is following carefully and with interest the important reforms planned in Yugoslavia and confirms the Community's undertaking to examine - once the agreement with the monetary fund is concluded - additional measures in support of the programme for improving that country's economic and financial situation.

C. MEDITERRANEAN

The European Council considers that the Community must in the coming months flesh out its policy of neighbourly relations with the Mediterranean states, with which it has long had preferential ties. The specific relationship with Mediterranean countries must be intensified and make it possible to support them in their efforts towards co-operation with Europe, regional integration and economic development.

The Community attaches great importance to the creation of the EMU and will implement the most appropriate cooperation. It will continue the Euro-Arab dialogue at the December meeting.

The European Council calls upon the Council to adapt, on the basis of the Commission communication, the instruments provided for under the current agreements in order to institute the means and methods of cooperation which are best suited to the special nature of the relations which must develop between the Community and these countries, taking into consideration the particular problems of each of them.

D. LATIN AMERICA AND ACP STATES

The Community must strengthen its cooperation with the Latin American countries: in particular it must support the efforts of the Andean pact countries to combat drugs, find substitute crops and improve the outlets for those crops.

The European Council welcomes the conclusion of the 4th Lomé Convention, which deepens and broadens the priviledged relations between the Community and the associated African, Caribbean and Pacific states. That Convention will be signed within the coming days.

II. 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.

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 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 the 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 27 June, 1989. In all its elements this Declaration remains fully valid.

It is in this spirit and with the guarantees specified in the Madrid Declaration that the Twelve supported the proposal for elections in the Occupied Territories, considered as a step in a process towards an overall settlement. Similarly they encourage efforts which seek to establish dialogue between the parties directly concerned. They recall the efforts they themselves make to this end, while respecting the principles which guide their search for a settlement. An illustration is the recent mission carried

out by the Ministerial Troika.

2. Seriously concerned by violations of human rights in the Occupied Territories and recalling the need for the occupying power to observe strictly its obligations under the 4th 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 1990/1992 triennial convention, the Community will continue with and increase its aid to Palestinians through UNRWA which has amounted to more than 388 million ecu 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 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 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 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 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 programmes. This effort will be in addition to the assistance envisaged by all of the member states on a bilateral level. Namibia will also be welcomed into the new Lomé Convention as soon as it expresses a wish to join it. The Troika has already made known this position to the representatives of the ACP States at their recent Ministerial meeting to discuss southern Africa.

2. A measure of progress has also been achieved in the process of national reconciliation in Angola and Mozambique. A favourable international climate has been availed of with courage and determination on the part of those with authority in these two States in order to make significant advances on the road to peace. The recent mission of the Troika of Political Directors to Angola brought out the real will of the leaders of this country to put an end to the conflict which has for too many years encumbered the economic development and well-being of its people.

The Community and its member states are resolved to match these developments by efforts to aid the reconstruction and development of both these countries.

3. Finally, in South Africa, President De Klerk's accession to power has been followed by several acts of clemency and a degree of freedom of expression which the Twelve have welcomed. These measures, however, are still insufficient with respect to the immense task posed by the dismantlement of apartheid. The objective of the Twelve remains the achievement through peaceful means of democratic and multiracial system in South Africa. In this regard they support any process which can lead rapidly to the cessation of violence on all sides and to a dialogue between the parties. Only broad-based negotiations bringing together the true leaders of the different constituent parts of the South African people can result in a lasting settlement. In this respect the Conference for a Democratic Future, which is being held in Johannesburg from 9 to 12 December, is a step in the right direction.

In this context the Community and its member states have recalled their support for the programme of positive measures intended to help the victims of apartheid. With a view to preparing for the developments which are inescapable in South Africa, this programme will be strengthened over the next two years by granting new scholarships for study in Europe and in multi-racial South African universities. The purpose of this action is to facilitate exchanges between the different communities while allowing their least priviledged 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 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 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, 14 DECEMBER 1989

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

The results of the plebiscite of 5 October 1988 showed clearly the will of its people to put an end to the 16 years of the military regime and to renew its democratic traditions.

The European Council today welcomes the prospects offered by the forthcoming Presidential and legislative elections at the end of a process which should finally permit a return to a state founded on law.

The Community and its member states have already provided the Chilean people with assistance in various sectors. The European Council reiterates its intention to contribute to the economic and social development of a democratic Chile, in particular within the framework of a future cooperation agreement between the Community and that country.

STATEMENT ON CENTRAL AMERICA

The European Council, concerned at the renewal of tensions in Central America and particularly at the recent explosion of violence in El Salvador, considers that a peaceful solution in accordance with the aspirations of the peoples of the region can only come through dialogue, the safeguarding of human rights, and respect for democracy. In this spirit, they call on all parties in the region to strive for a resumption of the regional peace process based on the Esquipulas agreements.

PRESS STATEMENT ON THE ACTIVITY OF THE TWELVE
IN THE FIELD OF HUMAN RIGHTS

- Cooperation in the field of human rights, which led earlier, in 1986, to a Ministerial declaration and, in 1987, to the setting up of a special working group in accordance with the wishes of the European Parliament, has developed further in 1989.

- This has been a year of contrasts in human rights, marked by progress, particularly in some 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 démarchés 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 démarchés 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.

European Council (Strasbourg)

3.31 pm

The Prime Minister (Mrs. Margaret Thatcher): With permission, Mr. Speaker, I should like to make a statement about the European Council in Strasbourg on 8 and 9 December which I attended together with my right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs. The text of the Council's conclusions has been placed in the Library of the House.

The Council considered four main issues: the steps still needed to complete the common market in 1992; progress with economic and monetary union; the social charter; and how the European Community can support democracy and economic reform in eastern Europe.

First, on the steps needed to achieve a real common market by 1992, our meeting in Strasbourg confirmed the importance that we all attach to keeping to the timetable for 1992, and I believe that we are on course for that. The Council confirmed and welcomed the progress made during the past six months—in particular to open up markets for banking and financial services and for telecommunications in every member state, and to make possible cheaper air fares. We shall aim to agree another package of important measures before the end of the year, including rules for company mergers and the further opening up of public sector procurement.

We also set priorities for the next stage of our work, covering such matters as freedom to provide investment services and life insurance throughout the Community, and removal of restrictions on road and air transport and shipping.

Completion of the common market is important in three respects. First, it represents the single most important contribution that the European Community can make to the prosperity of all its members. Secondly, it is an example and an opportunity for the countries of eastern Europe. Thirdly, it is the main respect in which the European Community is in practice moving towards closer integration. Britain has been at the forefront throughout, and our record of implementing the Community's decisions is matched only by that of Denmark, as was explicitly confirmed by Mr. Delors in Strasbourg.

The second main item was progress with economic and monetary union. The Council welcomed the fact that the necessary decisions have now been taken to enable the first stage of closer economic and monetary co-operation in Europe to start on 1 July next year. That is something which Britain very strongly supports.

President Mitterrand also noted that the necessary majority existed to convene an intergovernmental conference before the end of next year to discuss further steps towards economic and monetary union. The conference will set its own agenda and the timetable for its proceedings. No time limit is set for its work. It will have before it not just the Delors report, but the British paper setting out an evolutionary approach to economic and monetary union, and perhaps other contributions. Meanwhile, discussion of all these matters will continue among Finance Ministers to ensure that there is full and adequate preparation of the intergovernmental conference.

The council's conclusions specifically recognise—this is a very important point for Britain and for this House—that the procedures for democratic control over economic and financial matters in each member state must be respected.

We are in the early stage of what will be a long debate in Europe on these matters. A number of different viewpoints are already beginning to emerge. Britain will play a full and constructive part in the debate, while reflecting the view expressed in all parts of this House that stages 2 and 3 of the Delors proposals are not acceptable.

Our third main item was the social charter. At our last meeting in Madrid, we all agreed that creating jobs should be the Community's top priority. It was all the more disappointing that the social charter which emerged would regulate the labour market in a way which, far from creating jobs, would actually put them at risk, by raising costs and making our countries less competitive.

Moreover, the charter foreshadows an action programme which the Commission is bringing forward containing no fewer than 43 separate proposals, including 17 legally binding directives. Action at Community level is appropriate in matters such as health and safety at work and freedom of movement. But the programme includes many other matters such as part-time work, working conditions, and compulsory schemes of worker participation in management.

Britain does not accept that the Community should direct policy in these matters, many of which we believe are for national authorities to decide. Nor do we see any need to seek uniformity among social policies which have been developed to suit the varied needs and traditions of the different Community countries.

I therefore made it clear that we would not endorse the text of the charter, and, judging from their comments, I believe that many of my colleagues in Europe will have considerable difficulties with the Commission's specific proposals when they come forward.

The fourth main item of our work was help to eastern Europe. We want to support in practical ways the countries in eastern Europe which are introducing democracy and economic reform. The Council therefore committed us to further specific measures of help, including more food supplies; support for the $1 billion stabilisation plan for Poland; setting up an agency to help co-ordinate offers of training; and agreement in principle to set up a development bank to help eastern European countries to make the transition to market-based economies, and we hope that others, including the United States, Japan, Canada and the European Free Trade Association countries, will join in the European development bank.

Britain's ideas for closer association between the European Community and the countries of eastern Europe will also be followed up.

Heads of Government and Foreign Ministers also discussed a wide range of international political issues. We underlined the importance of maintaining security and stability in Europe, in the face of the momentous changes taking place. This means confirming existing alliances, treaties and agreements, including the Helsinki Final Act.

I would also draw attention to our declaration on southern Africa. In this the Twelve look forward to the time when sanctions and other measures against South Africa can be reconsidered in response to profound and irreversible change there.

May I say how grateful the Government are for President Mitterrand's skilful, courteous and effective

chairmanship of the Council? It was an important meeting. What emerged most strongly is the degree to which the Community and the 12 member states—not least because of 1992—can act as the driving force in the development of the whole of Europe, at a turning point in the continent's history. The Community should be an example of how free and democratic nations can work ever more closely together, while remaining open to the outside world.

That is the way in which Britain wants the Community to develop, and, despite disagreements on some points, the Strasbourg Council encourages us to believe that that is how the Community will develop, with Britain playing a very full part.

Mr. Neil Kinnock (Islwyn): I thank the Prime Minister for her statement. Opposition Members welcome a number of the decisions that were made in Strasbourg, especially on the social charter and the development bank, to assist the achievement of prosperity and the advance of democracy in eastern Europe? We consider that the summit was wise to adopt the communiqué that accepts the right of the German people

"to regain its unity through free self-determination"

in a peaceful and democratic process that fully respects existing agreements, treaties and the principles of the Helsinki Final Act. We further believe that the communiqué is a rational and constructive response to the widespread acknowledgement in both parts of Germany that the German question is a matter not only for the German people, but for their neighbours in the West and East also.

Is the Prime Minister aware that those positive decisions in Strasbourg were mainly taken in spite of her, not because of her?

On the social charter, will the Prime Minister take this opportunity to specify precisely why she will try to deny the British people safeguards and support on matters such as part-time work, working conditions and opportunities for workers to participate in the management decisions that greatly affect their lives? What success has she had in convincing her fellow Conservatives such as Chancellor Kohl and Prime Ministers Martens, Da Silva, Andreotti and Schlüter of her belief that the social charter, which they accept in its entirety, is somehow "Marxist"?

On economic and monetary union, will the Prime Minister tell us precisely what her policy now is towards participation in the exchange rate mechanism of the European monetary system? Does Britain's participation depend upon that ever lengthening list of conditions that the right hon. Lady has enumerated over recent months: the completion of the single market, the removal of all exchange controls, the removal of all industrial subsidies and the reduction of British inflation to the European average, or, following her *Financial Times* interview this morning, do those conditions now have to be only "broadly met" in her new "open mind", or is she simply waiting until her next interview to decide what she really thinks? Instead of waiting upon events, why does she not improve on the present conditions and embark upon negotiations on conditions to try to secure participation in the exchange rate mechanism with maximum advantage and minimum difficulty for our country?

As the Prime Minister reflects on the Strasbourg summit and looks forward to summits in Ireland and Italy over the next 12 months, will she be changing her failed policies? Does she not understand that, whatever scepticism or hostility hon. Members of all parties may share towards stage 2 and 3 of the Delors process, the least effective way of influencing vital discussions and negotiations is through her habit of declaring strident opposition and following that up with resentful acquiescence? Does she not realise that that unconvincing and unsuccessful posturing has brought her to a position in the Community where she is merely tolerated and then bypassed, smiled at by other leaders but then sidelined by the processes?

Is it not clear that Strasbourg was a place of repeated defeat for the British Prime Minister? She was defeated on the intergovernmental conference, on the social charter and on the establishment of a European development bank. When will the Prime Minister ever learn that if this country is to have its proper influence in the Community, it must have its proper involvement in the Community?

The Prime Minister: I hope that everyone who is listening will remember that the right hon. Gentleman was not there and does not really know much about it.

As for the most important issue on which advances were made—the single market, something which makes everyone else in the world realise that Europe really is integrating into one market—Britain is in the lead—*[Interruption.]* Yes indeed, Britain has implemented more of the directives, has led on many of the directives and of course was the first to make the single market a high priority.

The right hon. Gentleman says that there are times when one stands up very much for things that are good for Britain. We did that, and because of it we have now had returned to Britain about £10 billion from the reform of the budget, a sum which the right hon. Gentleman would have had neither the skill nor the resolve to secure for this country.

Next, we took a prominent part in securing the reform of the common agricultural policy, and for that most people are now profoundly thankful.

The social charter was adopted only as a general statement by the 11 countries. When the Commission put forward a proposal that we all agree to give effect to the directives, that proposal was thrown out by almost every country because many who agreed with the charter agreed with it only as a general declaration. They will now have to look in detail at each of the directives as they come forward.

Many who were prepared to put their names to a general declaration about a minimum wage will not agree to it when it comes forward because it would mean knocking many of their economies into a state of much higher unemployment. So it is far better to insist that these issues come forward as separate directives, when each and every one of them can be considered separately, rather than agree them in a broad general charter.

At the intergovernmental conference, our paper on the future of economic and monetary union will be among those which will be properly considered. It is an excellent paper. The governor of the Swiss National bank pointed out:

"The British authorities have understood the essential point: monetary integration should proceed along the path from stability to unity, and not that from unity to stability."

Karl Otto Pöhl, governor of the Bundesbank, pointed out that our evolutionary approach paper was

"a realistic and sensible description of what monetary policy should concentrate on in future years."

[The Prime Minister]

So the people who know are most complimentary about the British stance.

Mr. David Howell (Guildford): Turning from the dreary liturgy of the Leader of the Opposition to the coming debate about the future integration of the European Community, which my right hon. Friend mentioned and in which we shall be playing a full part, is it not a fact that, even if today the European Community was one federated super state, it would be necessary to reinvent nation states in order for Europe to meet its needs in the 1990s?

Is not the vision which we need to seek that of a confederation of free and open kingdoms and republics throughout Europe? Does my right hon. Friend agree that that is the need for the future? Bearing that in mind, does that not utterly refute the criticism which people make of my right hon. Friend's proper concern for the role of nation states in the Europe of the future?

The Prime Minister: Yes, I agree entirely with my right hon. Friend that we shall get maximum co-operation and maximum effect when we have the 12 nation states co-operating with one another ever more closely together, each with their pride in their own history and their own culture and each being prepared to do together the things that we do better together and which makes us stronger to do them together, leaving the others of us to do other things separately in our own way.

Mr. Paddy Ashdown (Yeovil): May I take the Prime Minister back to the Milan conference of 1985? Is it not the case that there, too, she voted against an intergovernmental conference, on that occasion on the Single European Act, which she has subsequently been forced to accept and of which, I sometimes think, she has even claimed authorship?

Is it not a fact that at this conference she went opposed to the social contract and was outvoted 11 to one? She went opposed to an intergovernmental conference and was outvoted 11 to one. She was opposed to a European development bank but had to accept it. If that is batting for Britain, she is doing a remarkably bad job. The remarkable thing about the conference was that our European allies did not find her irritating only because they found her completely irrelevant. The Government and the Labour party must realise that the nation's best long-term interests cannot be fulfilled without an increasingly integrated Europe which comes together politically, economically and socially.

The Prime Minister: The country's best long-term interests consist of keeping those who are in opposition there in perpetuity.

At the intergovernmental conference which preceded the Single European Act, it was not necessary to have a treaty amendment to achieve the single market; it could have been achieved without that. As the right hon. Gentleman may know, the Single European Act ensured that certain matters could be decided by majority vote for a limited purpose, whereas previously they were taken by unanimous vote. That change is not necessary to complete the single European market.

Many of my collegues were prepared to agree to the social charter as a general declaration without any effect whatever. I was not prepared to put my name to a general declaration without being prepared to consider what flowed from it, much of which I wish to and shall oppose. The charter should not have been brought forward. It was outside some of the articles in the treaty of Rome and could have been used to gain extra competence for the European Commission. The position now is far better. Separate directives will have to be brought forward, each of which we shall consider in the usual way.

On the European development bank, both the right hon. Gentleman and the right hon. Member for Islwyn (Mr. Kinnock) have got it wrong. The European development bank was agreed in principle in Paris, and it was announced then.

Mr. Michael Marshall (Arundel): Will my right hon. Friend the Prime Minister reflect on the opportunities arising in eastern Europe through know-how funds, for both political and industrial exchanges? What further steps may be taken by our partners in Europe along those lines? Will she keep an open mind on extending the list beyond Poland and Hungary, to take in, for example, East Germany? Many of us believe that the position in Germany is not only a problem for West Germany.

The Prime Minister: Many EEC countries now have know-how funds to train people in Poland and Hungary who do not know what a market economy is like. We are giving training on how to achieve it. We have co-ordinated with one another through the mechanisms that I mentioned so that we do not overlap too far.

The general view on East Germany and Czechoslovakia is that when they have set up arrangements for true democracy and implemented an IMF agreement, if required, further aid will flow. We use much the same system and techniques as we used in Poland, although Poland was a special case. She needed a good deal of food right away and some management training. We saw to it that she received both. Other countries whose needs are not so urgent will need to set up a democratic structure, and we shall consider their financial position before we agree further aid.

Mr. Frank Cook (Stockton, North): When discussing aspects of stability and security in the Community, did the Prime Minister refer to reports in the American publication, *Defence Daily*, which stated that President Bush had given his presidential approval to an Anglo-French co-production of a 400 km tactical air-to-surface missile, to be developed by British Aerospace and Thomson-CSF? Did she explain to her fellow Heads of State why presidential approval was necessary for such an Anglo-French initiative? Why is it necessary now that the INF agreement has been made?

The Prime Minister: This was not a NATO meeting, but a European Community meeting. The EEC, or European Community, is not a defence organisation, as the hon. Gentleman knows. NATO is a defence organisation.

Mr. Ian Taylor (Esher): I congratulate my right hon. Friend on her part in the positive tone of the Strasbourg conference. Will she build on that by ensuring that all of our Community partners understand that we have a commitment to economic and monetary union, as they do, but that we prefer the evolutionary approach which will better safeguard the interests of national Parliaments and ensure that the eventual economic and monetary union is

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